

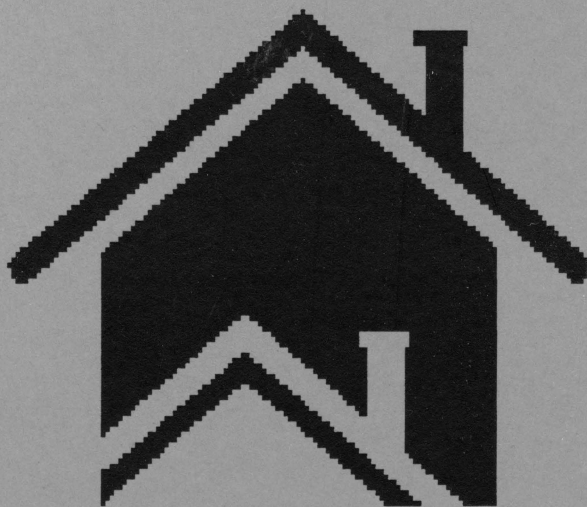
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# Missouri Real Estate Malpractice Insurance Report 2003

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Missouri Department of Insurance  
Statistics Section  
August 2004

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**MISSOURI  
REAL ESTATE  
MALPRACTICE  
INSURANCE  
REPORT  
2003**

**Missouri Department of Insurance  
Statistics Section  
August 2004**

## Other Publications

### Available from the MO Department of Insurance

The Missouri Department of Insurance publishes the following reports. These reports are available by sending a written request along with \$35 to:

**Missouri Department of Insurance**  
**P.O. Box 690**  
**Jefferson City, MO 65102-0690**

1. ***Missouri Complaint Index Report***  
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. ***Missouri Department of Insurance Annual Report***  
summary information: [http://www.insurance.mo.gov/aboutMDI/annual\\_report.htm](http://www.insurance.mo.gov/aboutMDI/annual_report.htm)
3. ***Missouri Legal Malpractice (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/legmal/index.htm>
4. ***Missouri Life, Accident & Health Supplement Data***  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
5. ***Missouri Market Share Report***  
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
6. ***Missouri Medical Malpractice (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
7. ***Missouri Product Liability (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
8. ***Missouri Property & Casualty Supplement Report***  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
9. ***Mortgage Guaranty Report***  
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. ***Private Passenger Automobile Report***  
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
11. ***Missouri Health Maintenance Organization Report***  
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

**Databases:** For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri Zip Code Insurance Data for:

- Homeowners/Dwelling Fire,
- Farmowners (dwelling only),
- Mobile Home,
- Earthquake, and
- Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at (573) 751-4126.

# **Real Estate Malpractice Insurance Report**

## **Executive Summary**

This report summarizes Missouri real estate malpractice data for 1994 to 2003. The charts, graphs and tables — limited to closed claim information — were constructed from data collected by the Missouri Department of Insurance as required by Section 383.060 RSMo. The premium and loss data, obtained from the Missouri Page 26 Supplement to the companies' annual statements, is presented in the final section.

The loss ratio for real estate malpractice in Missouri during 2003 was -143 percent — or the fifth time in the past six years that saw the industry post a pure profit on all premiums because it corrected for overreserving on claims in previous years.

Of 108 claims closed in 2003, insurers paid benefits in 22 cases (20 percent), averaging \$10,163, or slightly less than the unweighted average annual paid claim was \$10,638 over the past five years. Closed claims — both with and without payments — were up substantially from previous years.

Over the last 10 years, 449 real estate malpractice claims were closed in Missouri — 112 (25 percent) with payment, and 337 (75 percent) without payment.

In 2003 the average loss adjustment expense for all claims closed with payment was \$20,759 while the expenses for all claims closed without payment averaged \$5,311.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.

- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Four companies reported writing real estate malpractice insurance business in Missouri during 2003, compared to 11 in 2000. The four writers of real estate malpractice insurance in Missouri are Continental Casualty Co. with 80 percent market share, St. Paul Fire and Marine Insurance Co., 14 percent, United States Liability Insurance Co. 5 percent and Westport Insurance Co. less than 1 percent.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in Braille, large print or on audio cassette upon request. Questions regarding this report should go to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR  
SUMMARY  
(1994 - 2003)**

# REAL ESTATE MALPRACTICE INSURANCE

## TEN YEAR SUMMARY

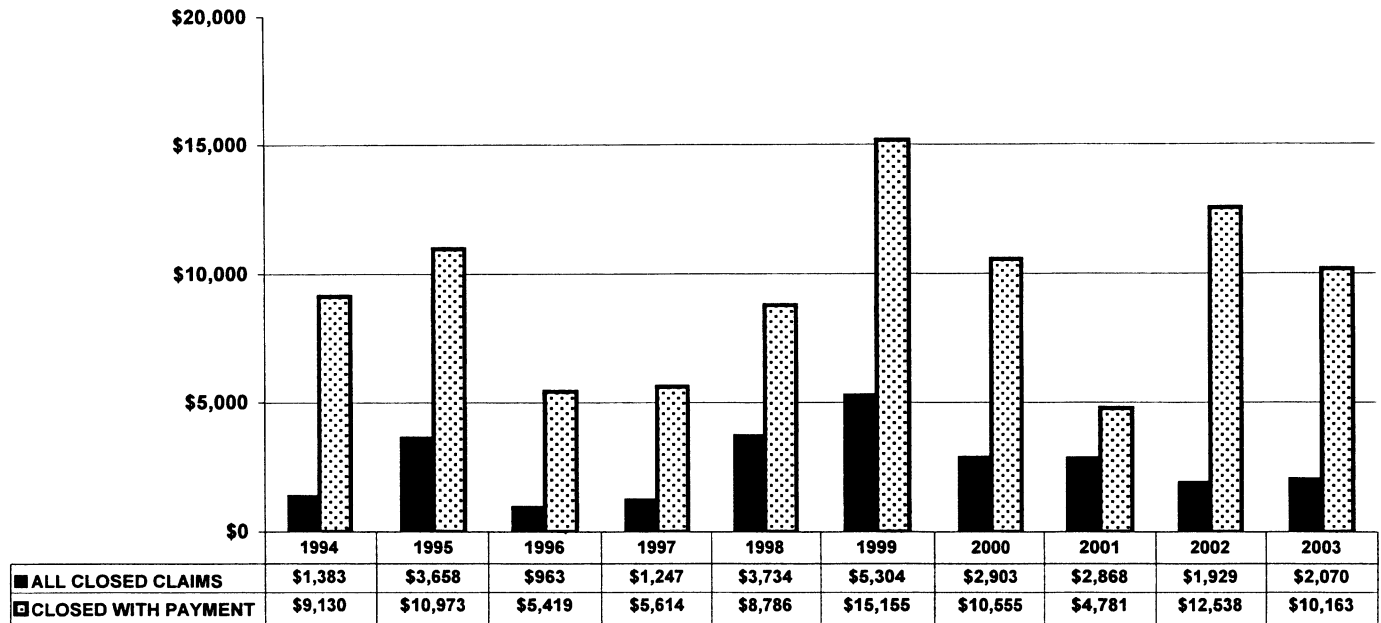
1994 - 2003

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	449	100.0%	\$1,090,050	\$2,428	\$1,642,986	\$3,659
Closed with Payment	112	24.9%	\$1,090,050	\$9,733	\$1,035,167	\$9,243
Closed without Payment	337	75.1%	\$0	\$0	\$607,820	\$1,804

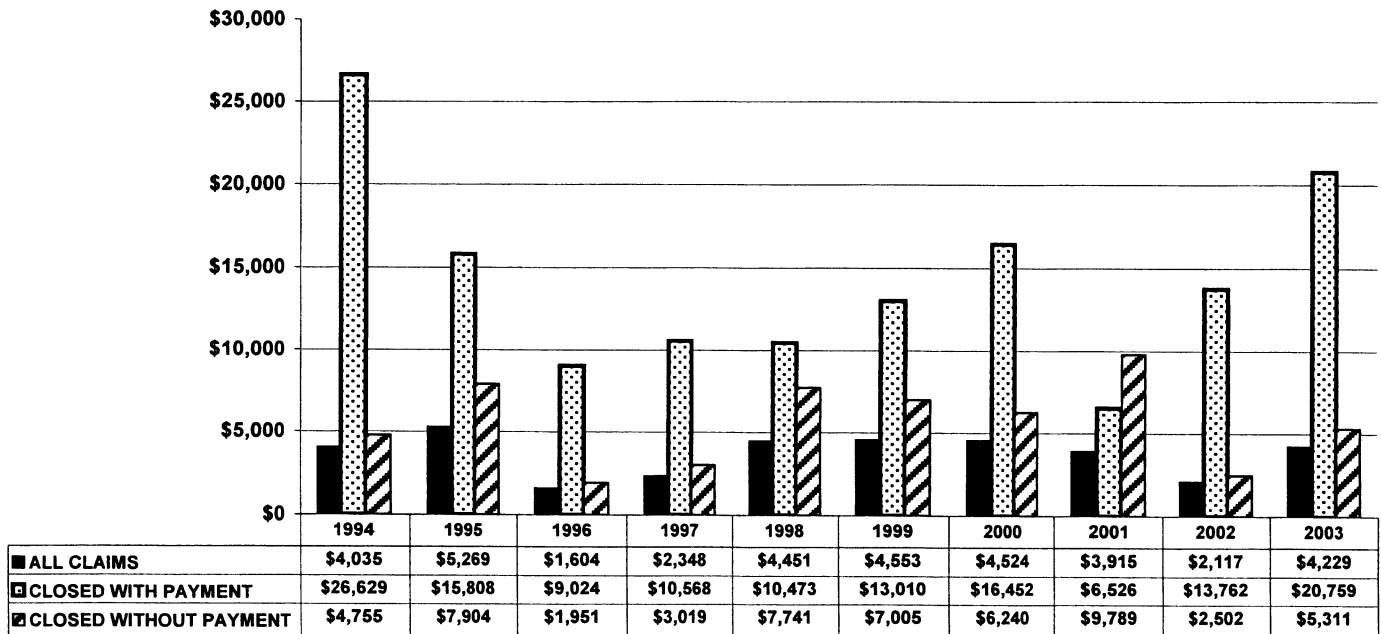


# MISSOURI REAL ESTATE MALPRACTICE INSURANCE

## Average Paid Claim

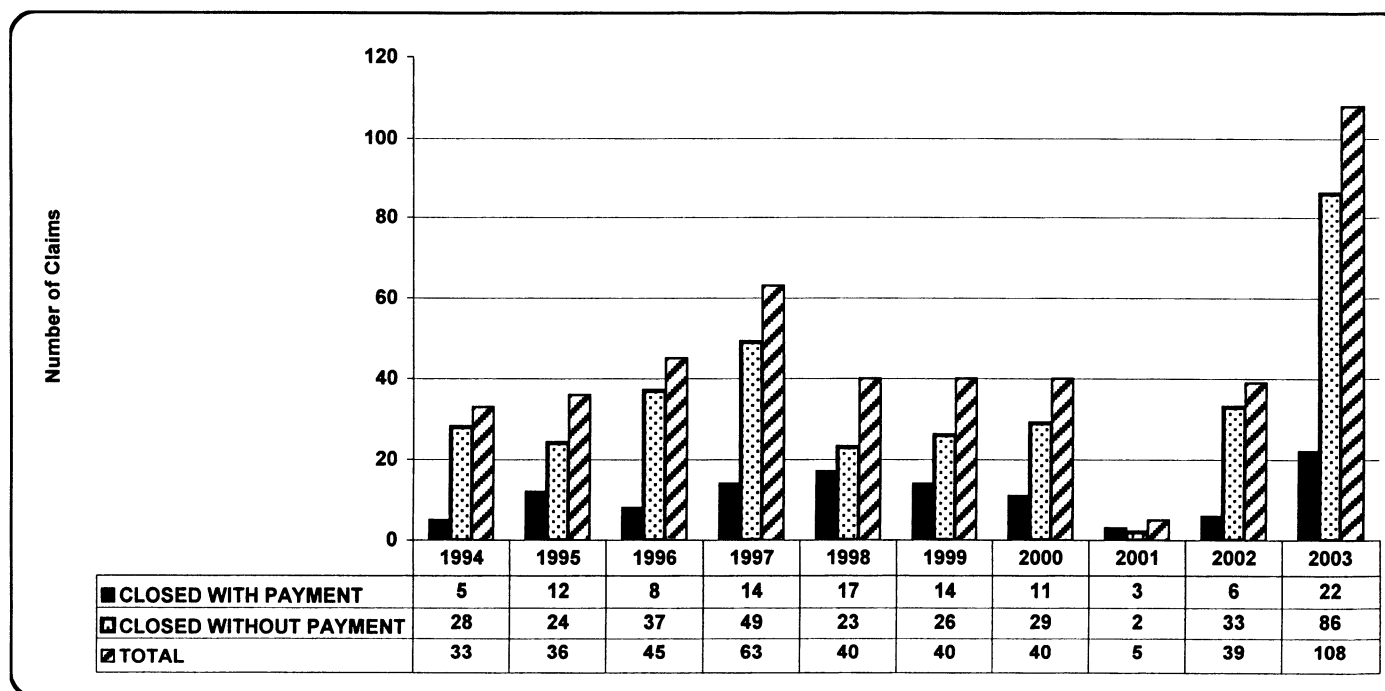


## Average Paid Loss Adjustment Expense



## MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
AREA OF REAL ESTATE**

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1994 - 2003

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL PAID INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	388	99	88.39%	\$9,386	\$929,219	85.25%	\$3,701
AS AGENT TO PROCURE PROPERTY TO PURCHASE	61	13	11.61%	\$12,372	\$160,831	14.75%	\$3,394
TOTAL	449	112	100.00%	\$9,733	\$1,090,050	100.00%	\$3,659

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

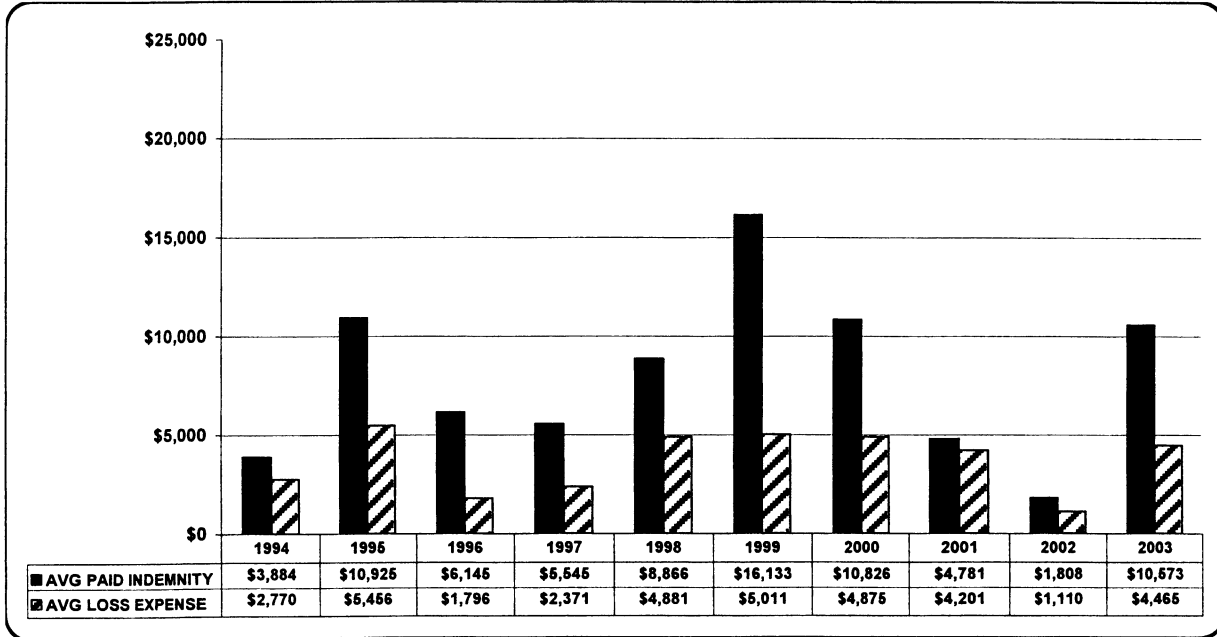
## CLAIMS CLOSED IN 2003

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	90	19	86.36%	\$10,573	\$200,879	89.85%	\$4,465
AS AGENT TO PROCURE PROPERTY TO PURCHASE	18	3	13.64%	\$7,567	\$22,700	10.15%	\$3,047
<b>TOTAL</b>	<b>108</b>	<b>22</b>	<b>100.00%</b>	<b>\$10,163</b>	<b>\$223,579</b>	<b>100.00%</b>	<b>\$4,229</b>

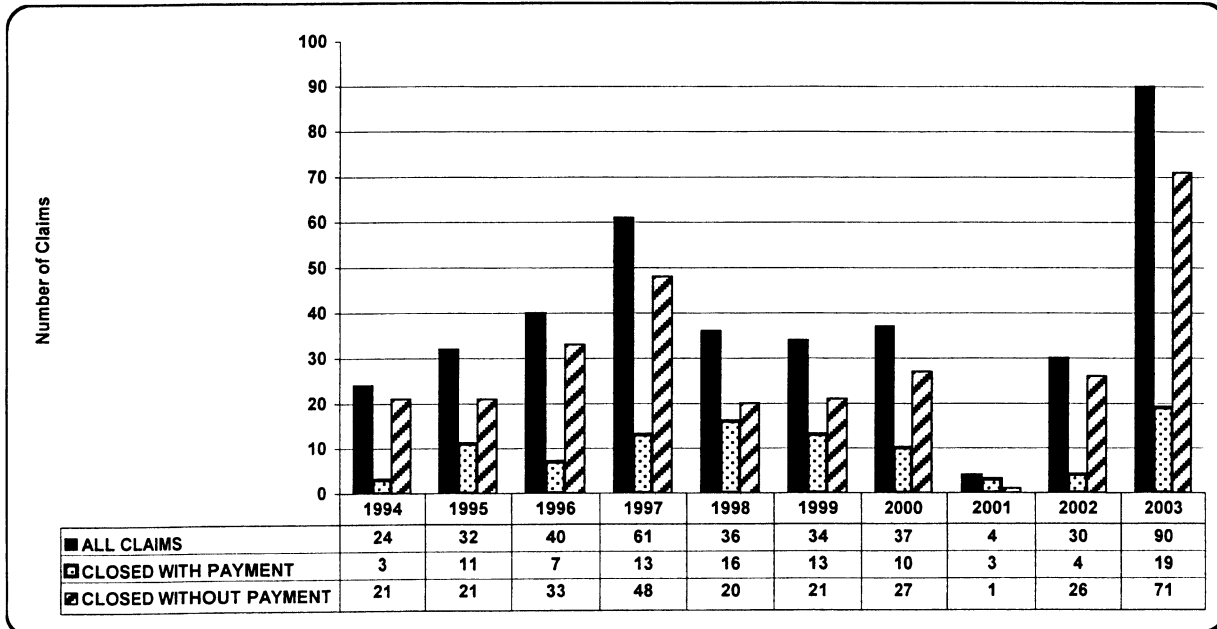
**AREA OF REAL ESTATE  
TRENDS  
OF  
2003**

## AS AGENT TO PROCURE PURCHASE OF PROPERTY

### Average Paid Indemnity & Average Loss Expense

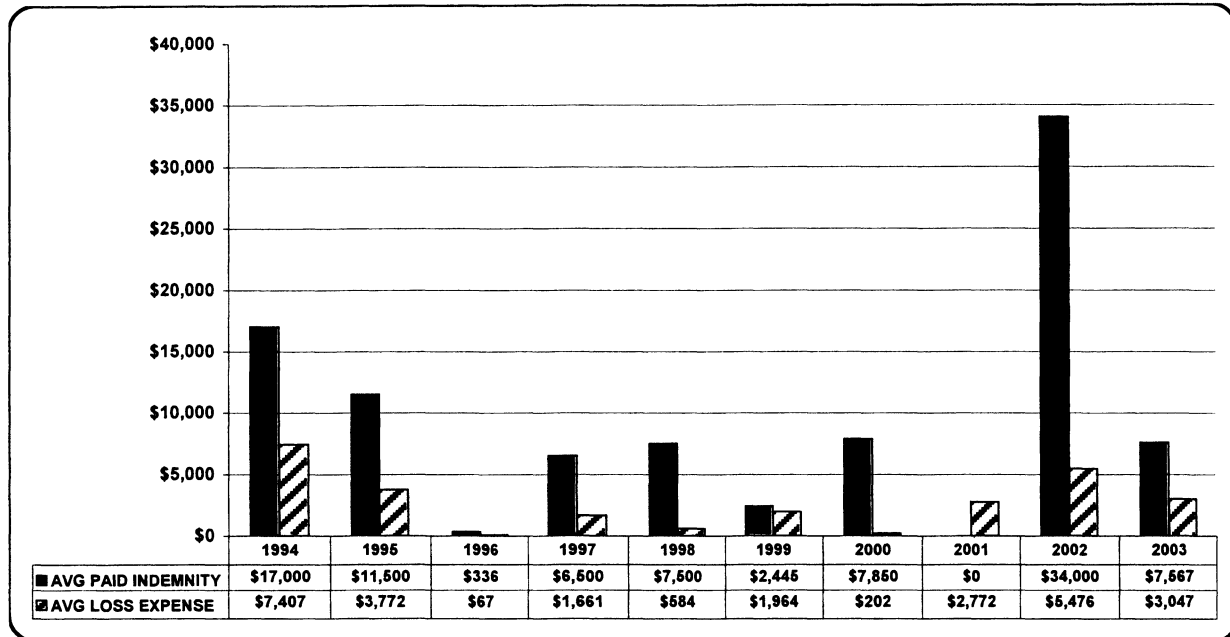


### Claim Count

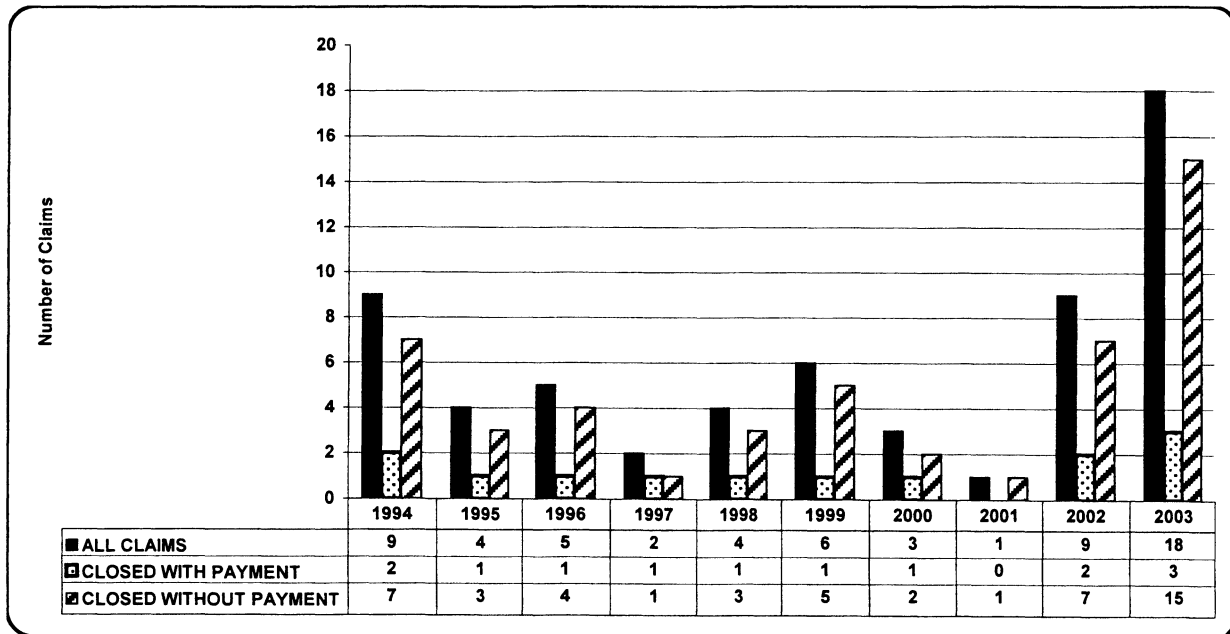


## AS AGENT TO PROCURE PROPERTY TO PURCHASE

### Average Paid Indemnity & Average Loss Expense



### Claim Count





**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
MAJOR ACTIVITY**

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1994 - 2003

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	295	67	59.82%	\$10,817	\$724,733	66.49%	\$3,497
SHOWING PROPERTY	104	31	27.68%	\$8,468	\$262,510	24.08%	\$3,388
CLOSING AND TRANSFERRING TITLE	50	14	12.50%	\$7,343	\$102,807	9.43%	\$5,182
<b>TOTAL</b>	<b>449</b>	<b>112</b>	<b>100.00%</b>	<b>\$9,733</b>	<b>\$1,090,050</b>	<b>100.00%</b>	<b>\$3,659</b>

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

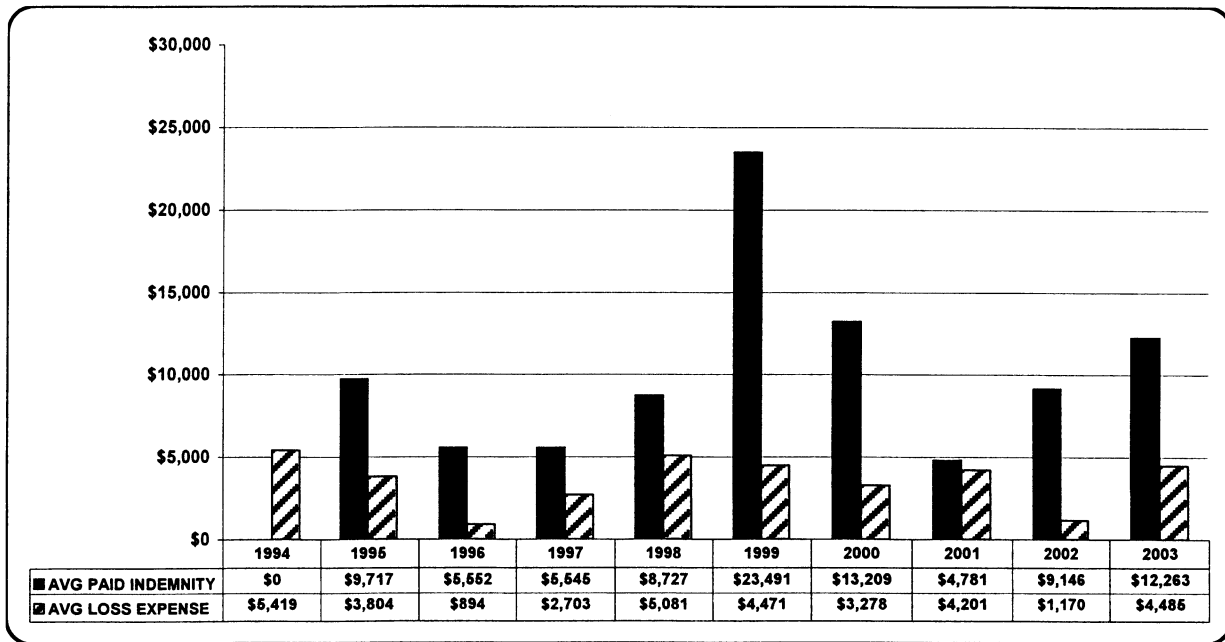
## CLAIMS CLOSED IN 2003

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	77	14	63.64%	\$12,263	\$171,679	76.79%	\$4,485
SHOWING PROPERTY	24	3	13.64%	\$7,567	\$22,700	10.15%	\$2,558
CLOSING AND TRANSFERRING TITLE	7	5	22.73%	\$5,840	\$29,200	13.06%	\$7,139
TOTAL	108	22	100.00%	\$10,163	\$223,579	100.00%	\$4,229

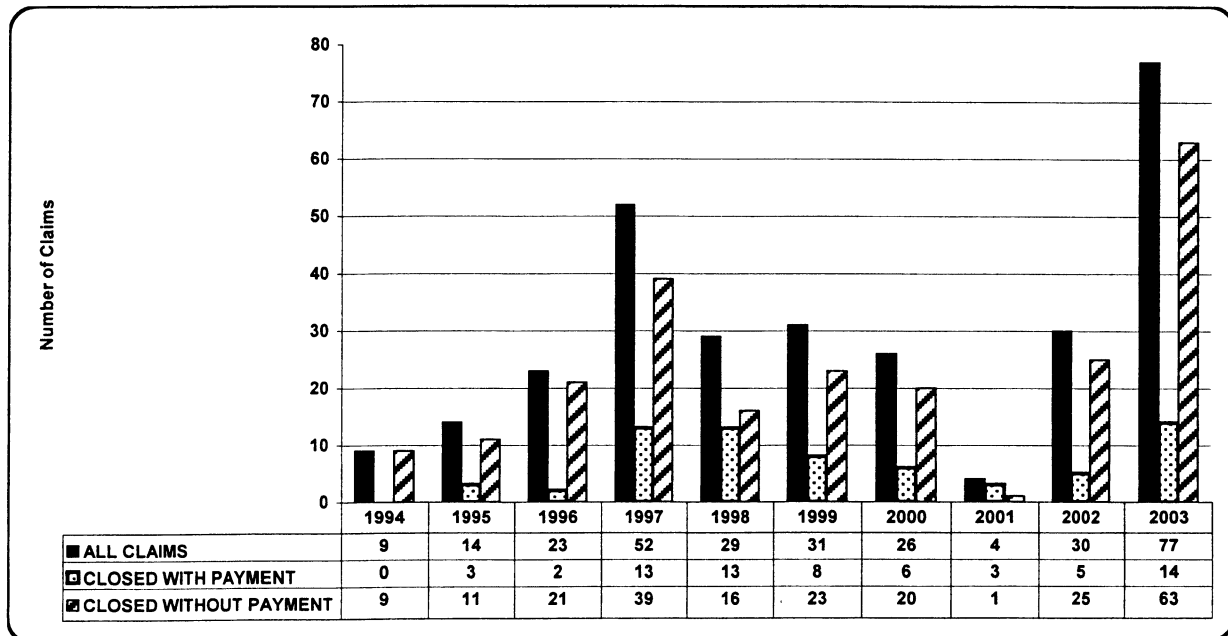
**MAJOR ACTIVITY  
TRENDS  
OF  
2003**

## LISTING THE PROPERTY FOR SALE

### Average Paid Indemnity & Average Loss Expense

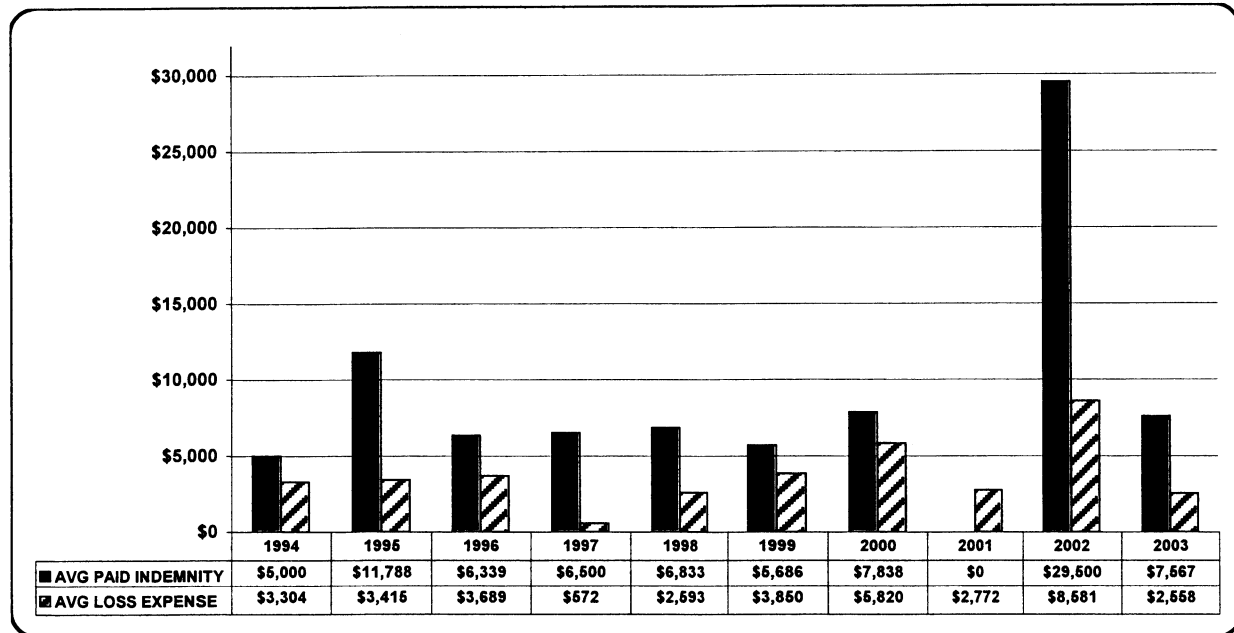


### Claim Count

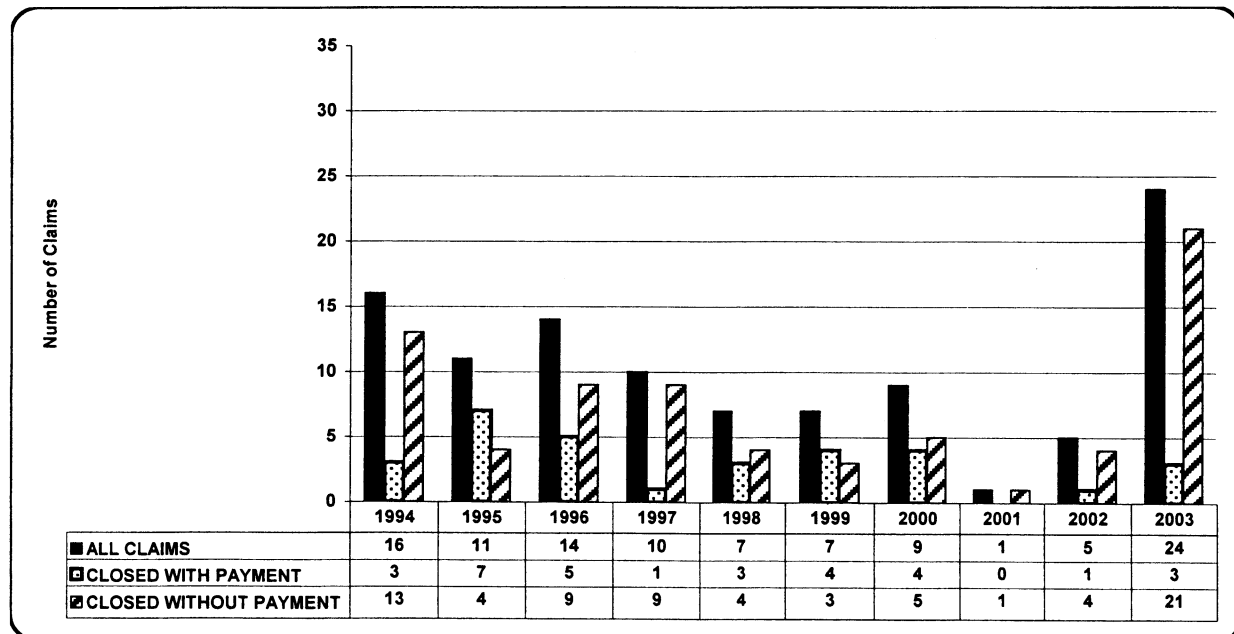


## SHOWING PROPERTY

### Average Paid Indemnity & Average Loss Expense

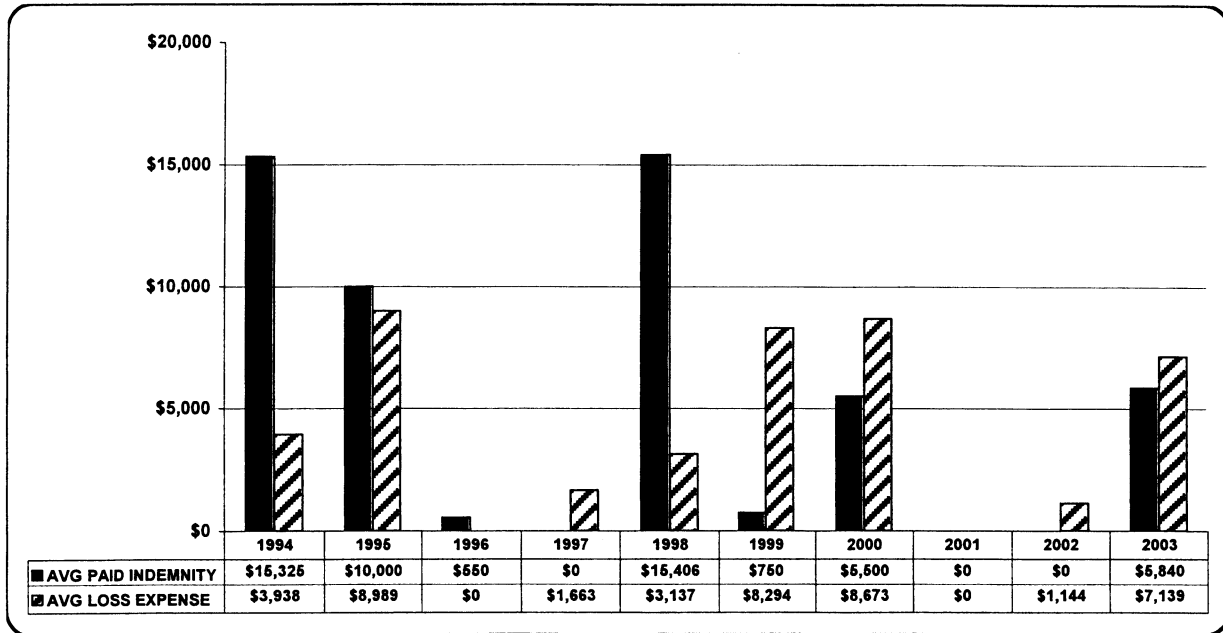


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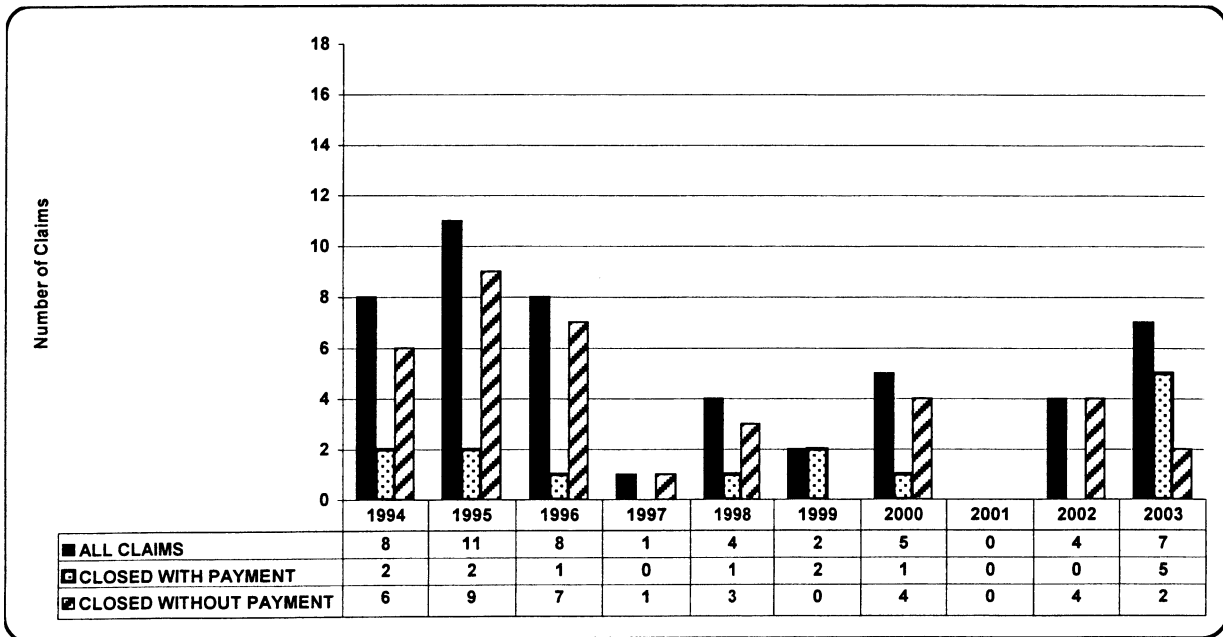


## CLOSING AND TRANSFERRING TITLE

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
ALLEGED ERROR OR OMISSION**



REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1994 - 2003

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	341	91	81.25%	\$10,351	\$941,934	86.41%	\$3,952
OTHER	80	15	13.39%	\$6,838	\$102,572	9.41%	\$2,546
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	28	6	5.36%	\$7,591	\$45,544	4.18%	\$3,276
<b>TOTAL</b>	<b>449</b>	<b>112</b>	<b>100.00%</b>	<b>\$9,733</b>	<b>\$1,090,050</b>	<b>100.00%</b>	<b>\$3,659</b>

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

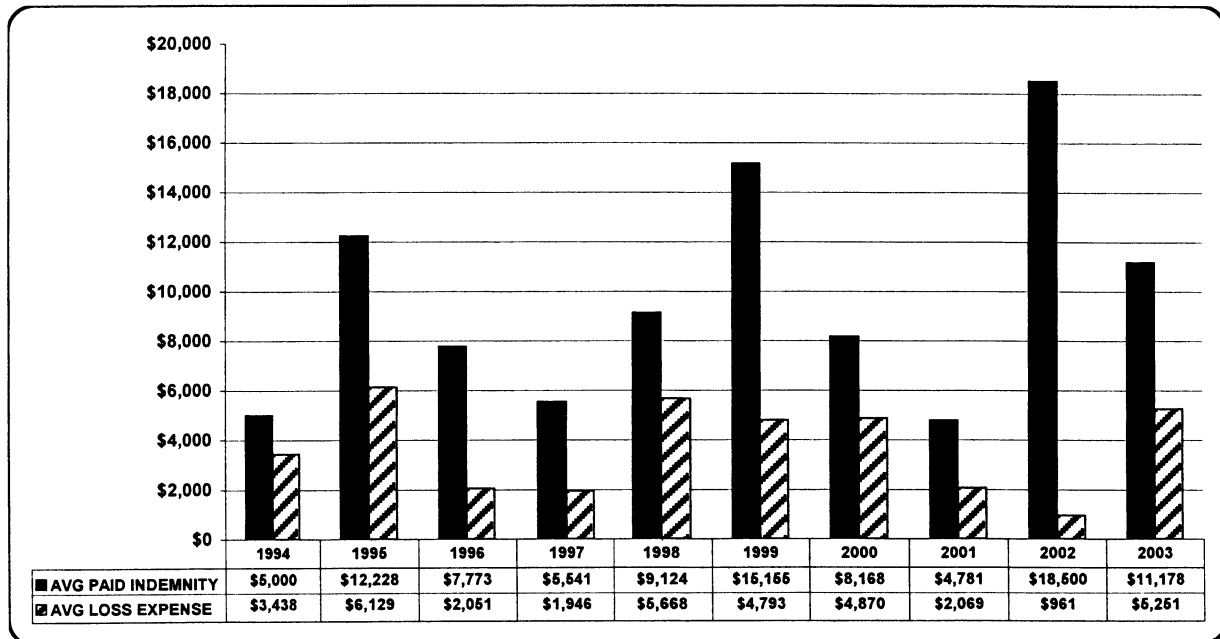
## CLAIMS CLOSED IN 2003

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	76	19	86.36%	\$11,178	\$212,379	94.99%	\$5,251
OTHER	26	2	9.09%	\$3,750	\$7,500	3.35%	\$2,021
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	6	1	4.55%	\$3,700	\$3,700	1.65%	\$844
<b>TOTAL</b>	<b>108</b>	<b>22</b>	<b>100.00%</b>	<b>\$10,163</b>	<b>\$223,579</b>	<b>100.00%</b>	<b>\$4,229</b>

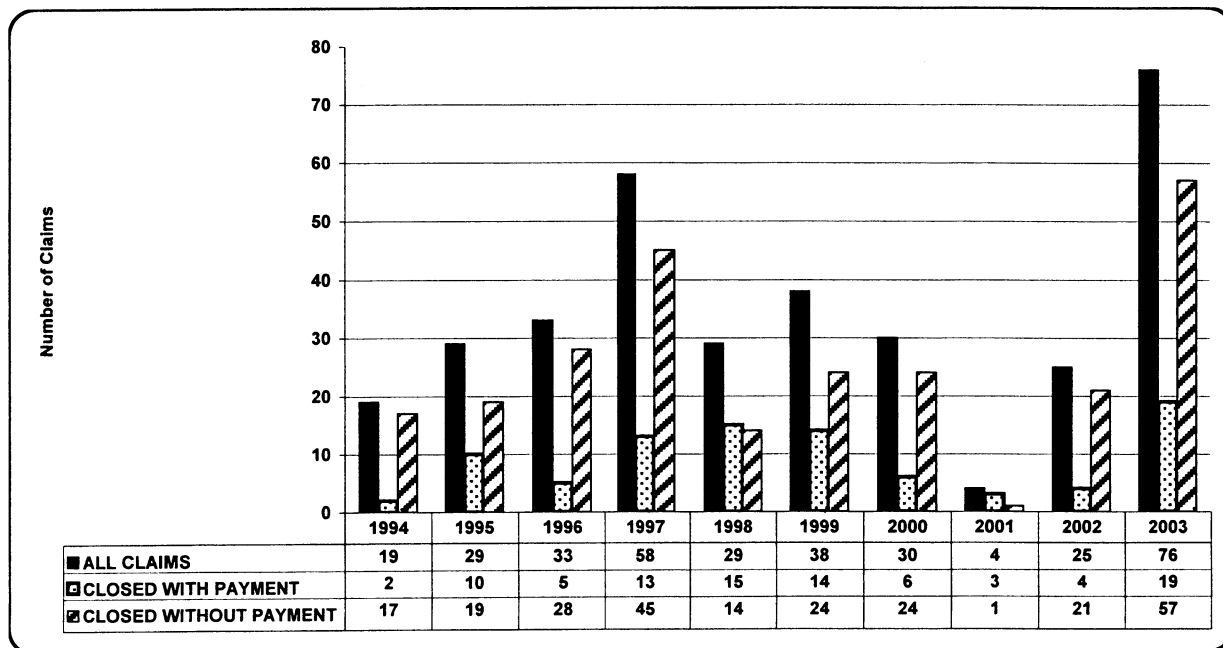
**ALLEGED ERROR OR OMISSION  
TRENDS  
OF  
2003**

## FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

### Average Paid Indemnity & Average Loss Expense

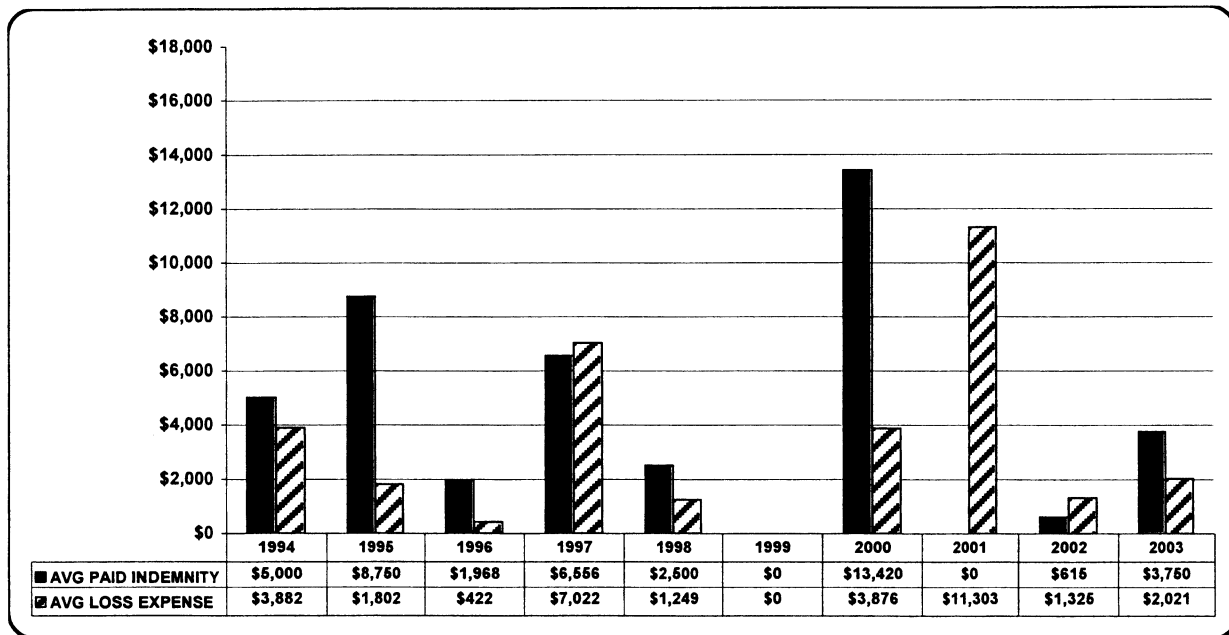


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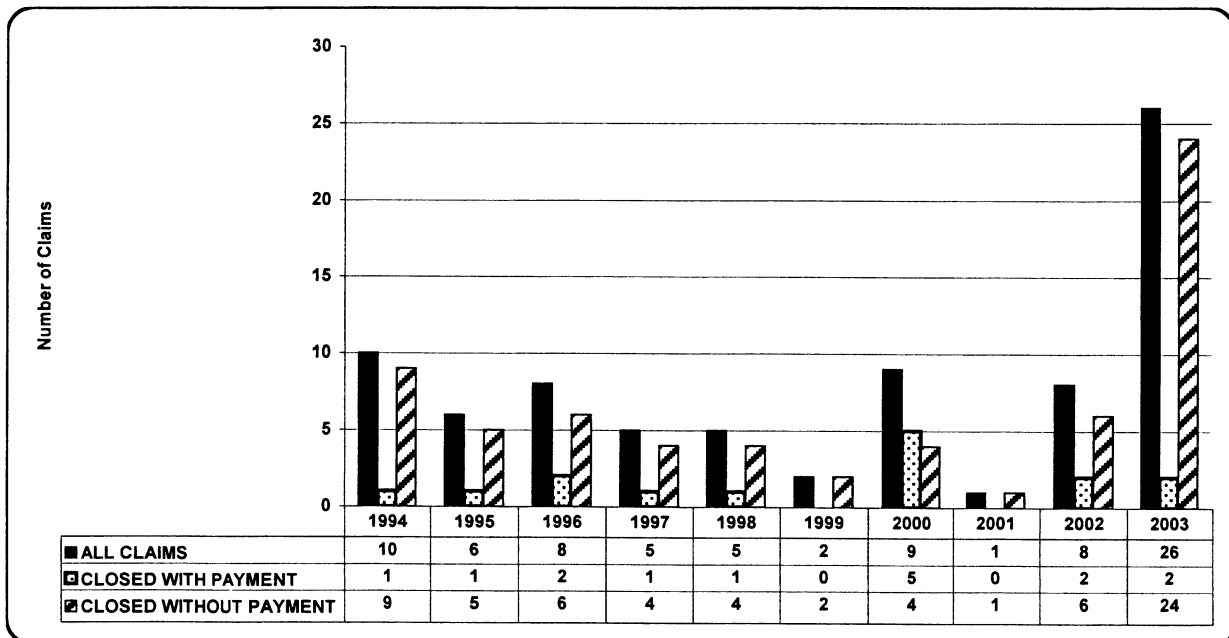


## OTHER

Average Paid Indemnity & Average Loss Expense

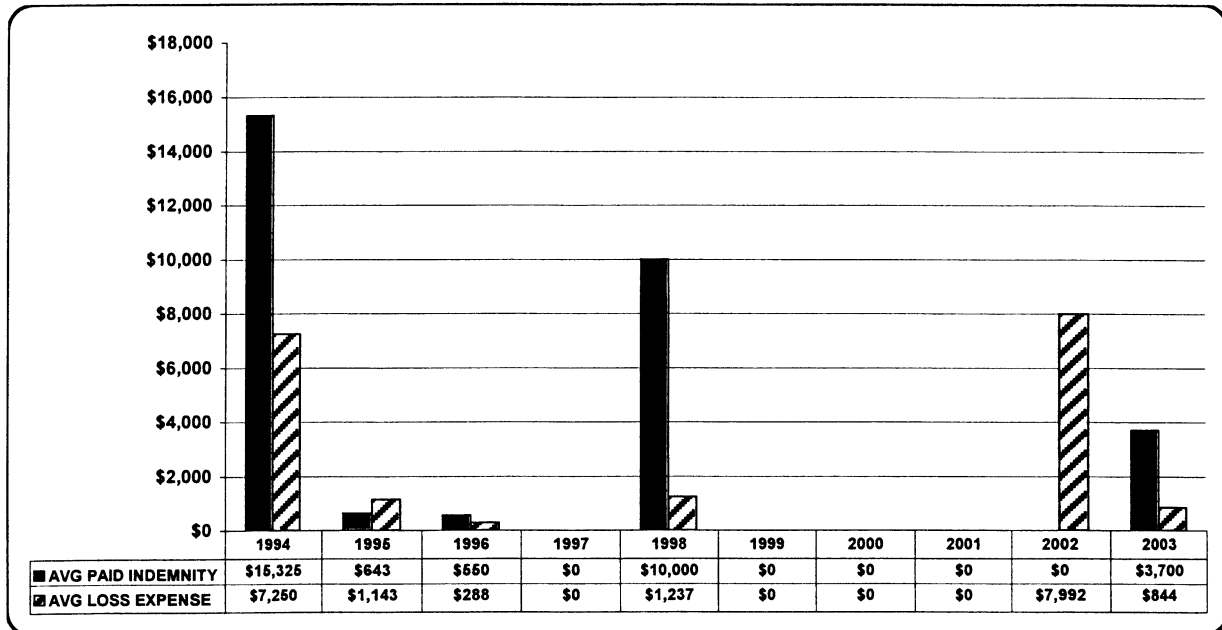


## Claim Count

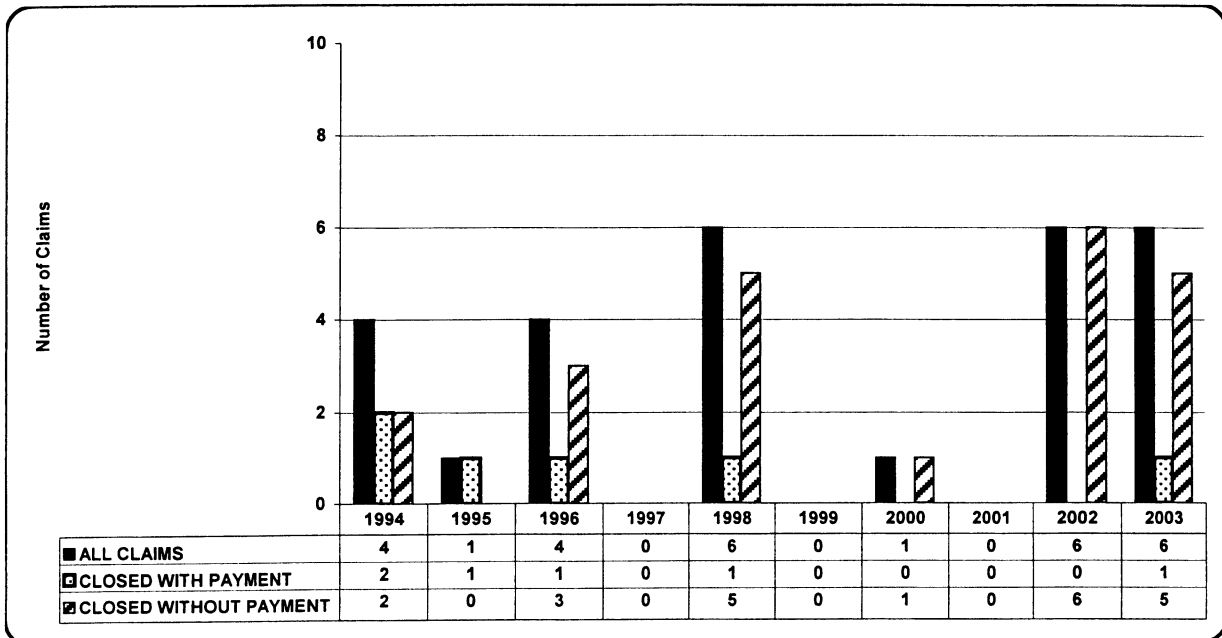


## FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
CLAIM DISPOSITION**

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1994 - 2003

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	147	25	22.32%	\$8,539	\$213,485	19.58%	\$783
BEFORE TRIAL OR HEARING	139	75	66.96%	\$8,788	\$659,108	60.47%	\$7,130
CLAIM OR SUIT ABANDONED	122	2	1.79%	\$3,325	\$6,651	0.61%	\$920
AFTER JUDGMENT, BEFORE APPEAL	25	3	2.68%	\$39,815	\$119,444	10.96%	\$11,445
DURING TRIAL OR HEARING	14	6	5.36%	\$14,310	\$85,862	7.88%	\$6,859
AFTER APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$6,028
DURING APPEAL	1	1	0.89%	\$5,500	\$5,500	0.50%	\$36,257
<b>TOTAL</b>	<b>449</b>	<b>112</b>	<b>100.00%</b>	<b>\$9,733</b>	<b>\$1,090,050</b>	<b>100.00%</b>	<b>\$3,659</b>



# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

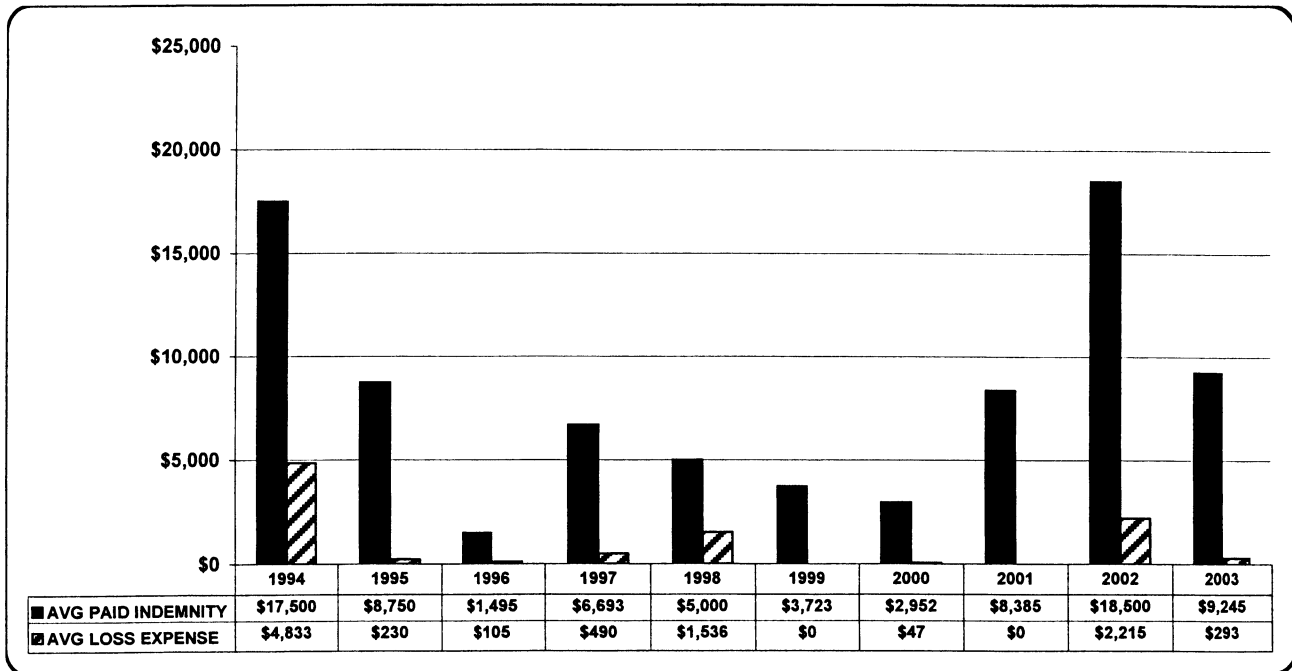
## CLAIMS CLOSED IN 2003

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL PAID INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	58	3	13.64%	\$9,245	\$27,734	12.40%	\$293
BEFORE TRIAL OR HEARING	32	18	81.82%	\$5,378	\$96,800	43.30%	\$10,970
CLAIM OR SUIT ABANDONED	12	0	0.00%	N/A	\$0	0.00%	\$33
AFTER JUDGMENT, BEFORE APPEAL	5	1	4.55%	\$99,045	\$99,045	44.30%	\$17,463
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$936
<b>TOTAL</b>	<b>108</b>	<b>22</b>	<b>100.00%</b>	<b>\$10,163</b>	<b>\$223,579</b>	<b>100.00%</b>	<b>\$4,229</b>

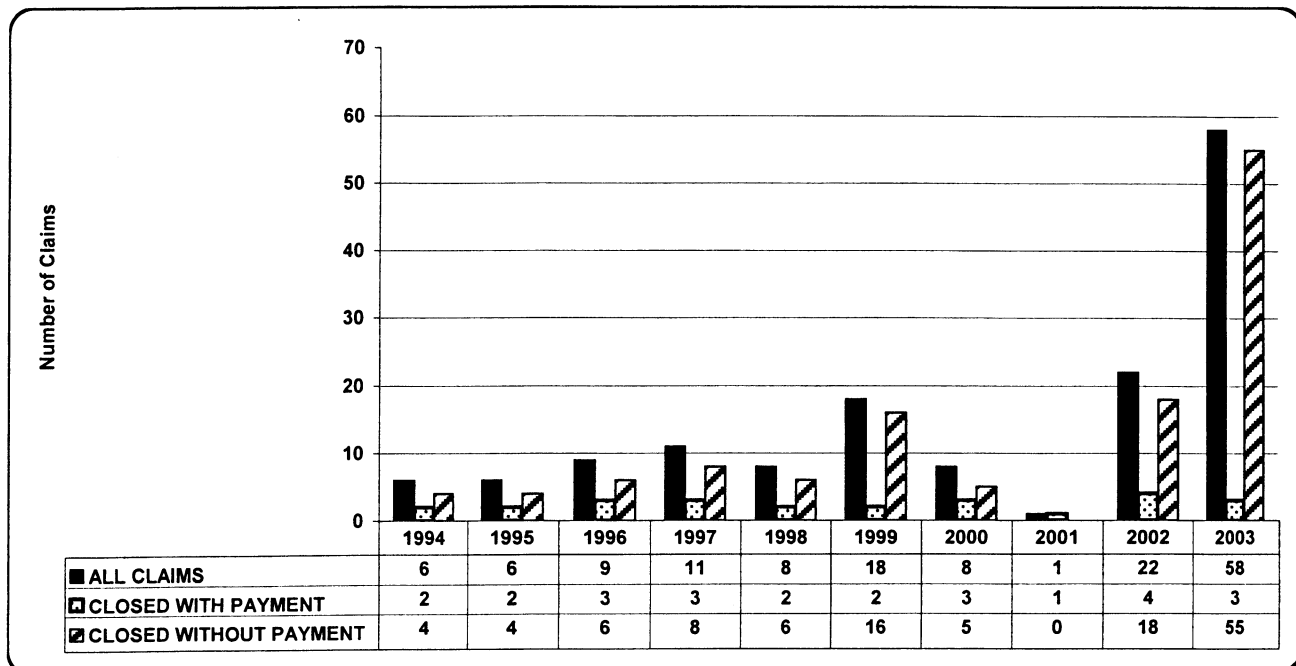
**CLAIM DISPOSITION  
TRENDS  
OF  
2003**

## BEFORE FILING SUIT OR DEMANDING HEARING

### Average Paid Indemnity & Average Loss Expense

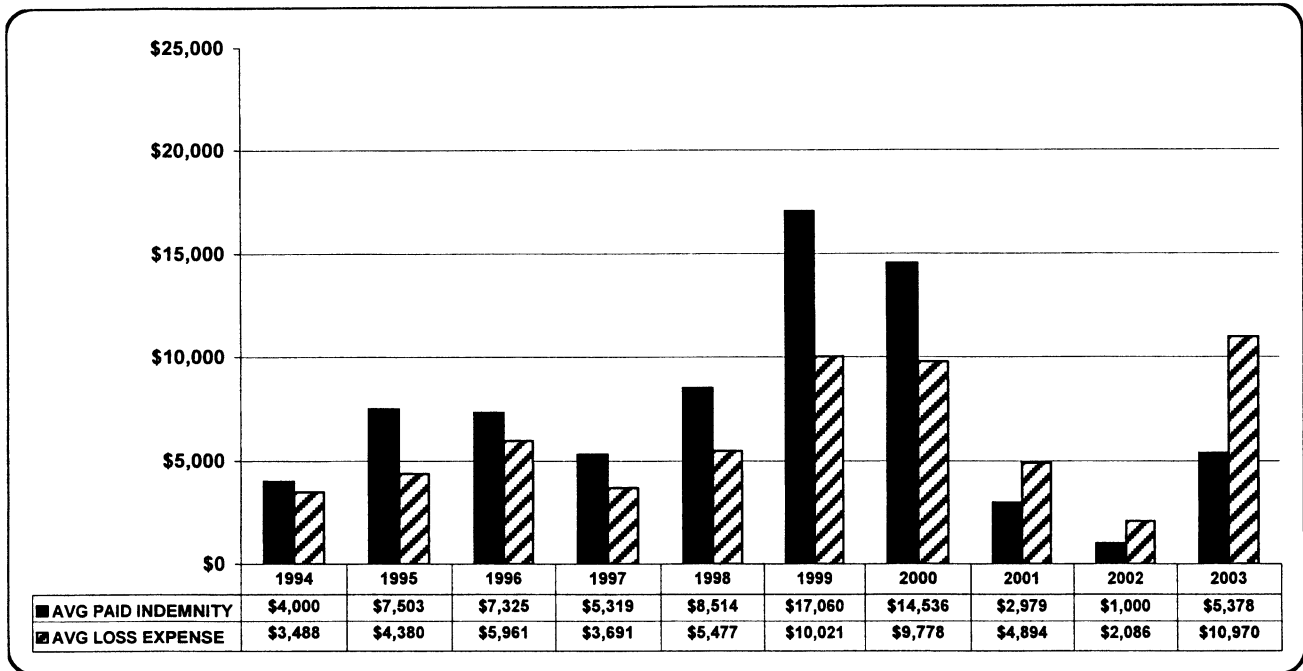


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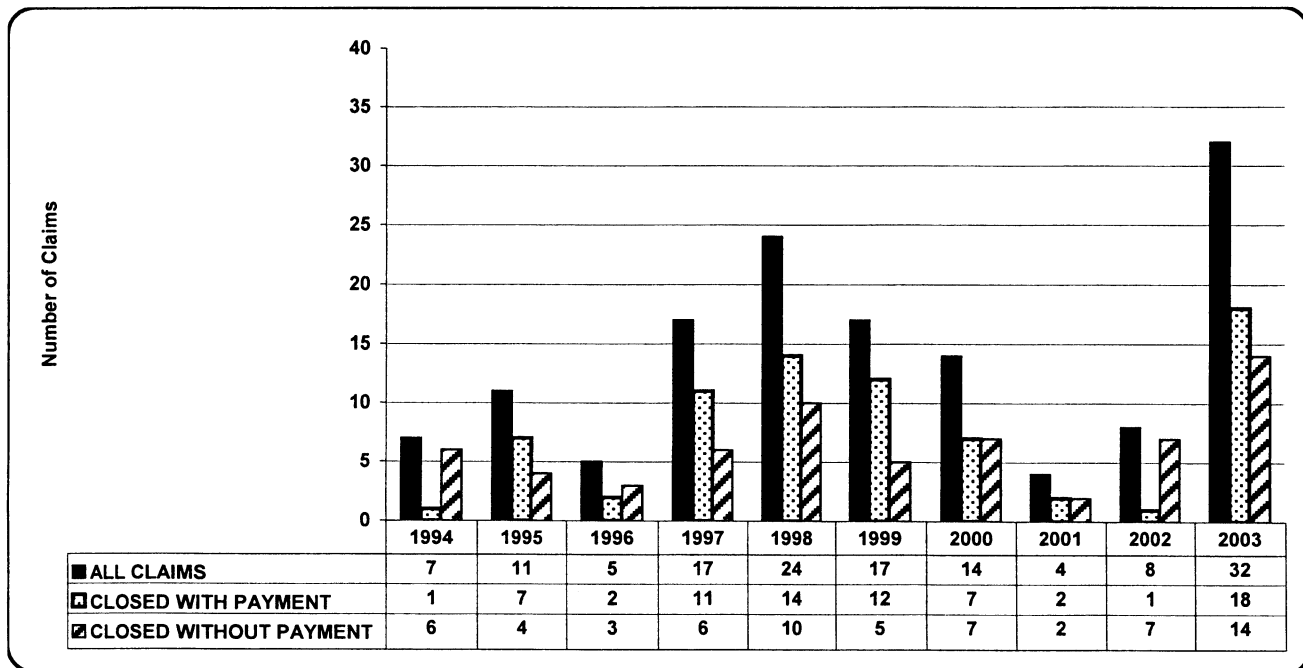


## BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

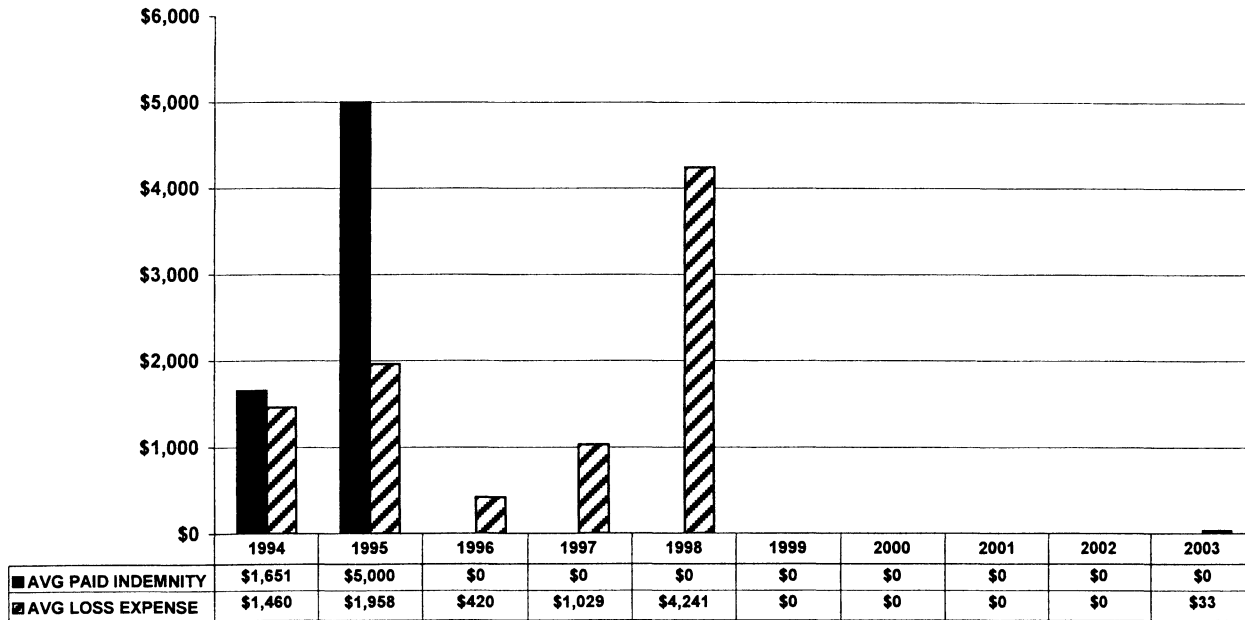


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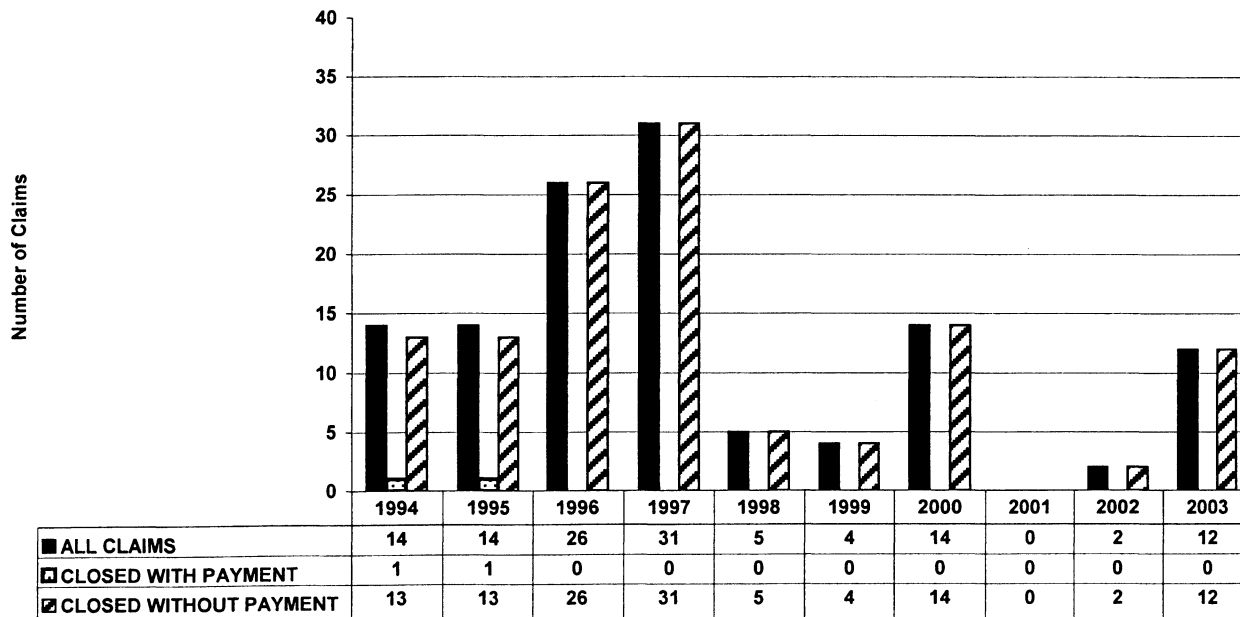


## CLAIM OR SUIT ABANDONED

Average Paid Indemnity & Average Loss Expense

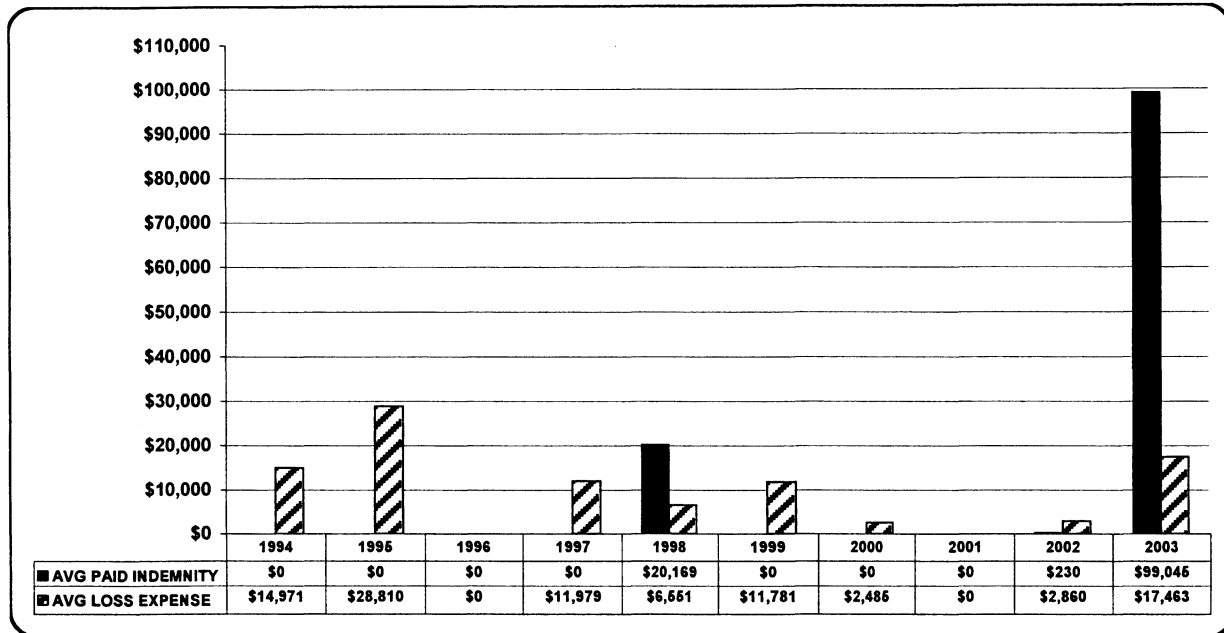


## Claim Count

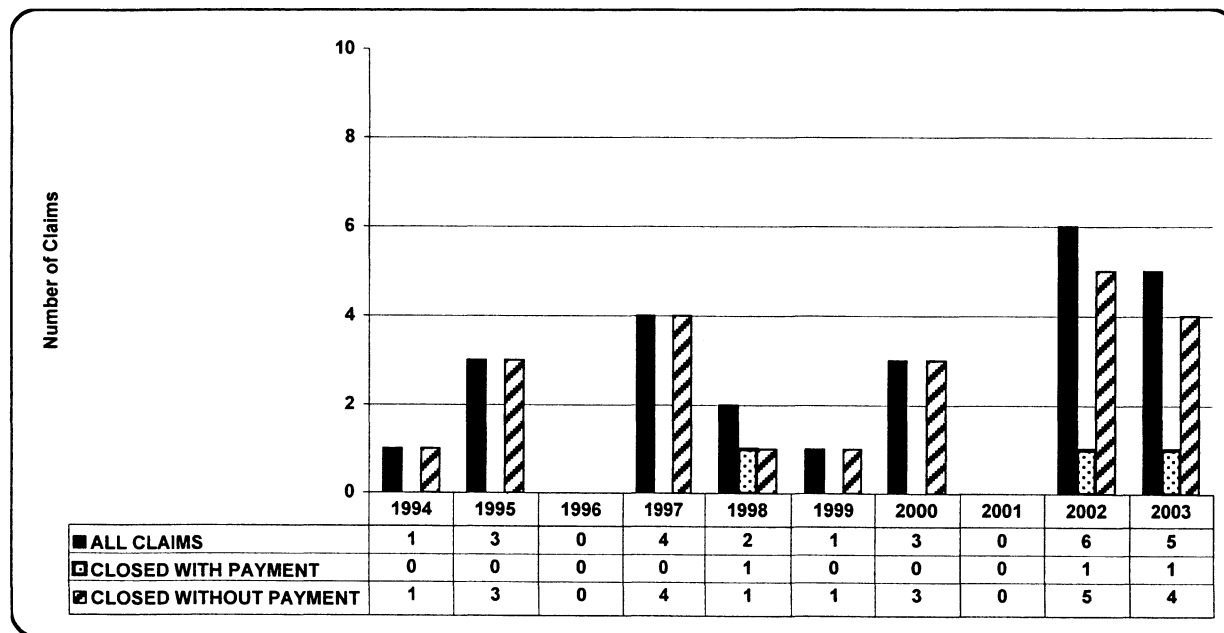


## AFTER JUDGMENT, BEFORE APPEAL

### Average Paid Indemnity & Average Loss Expense

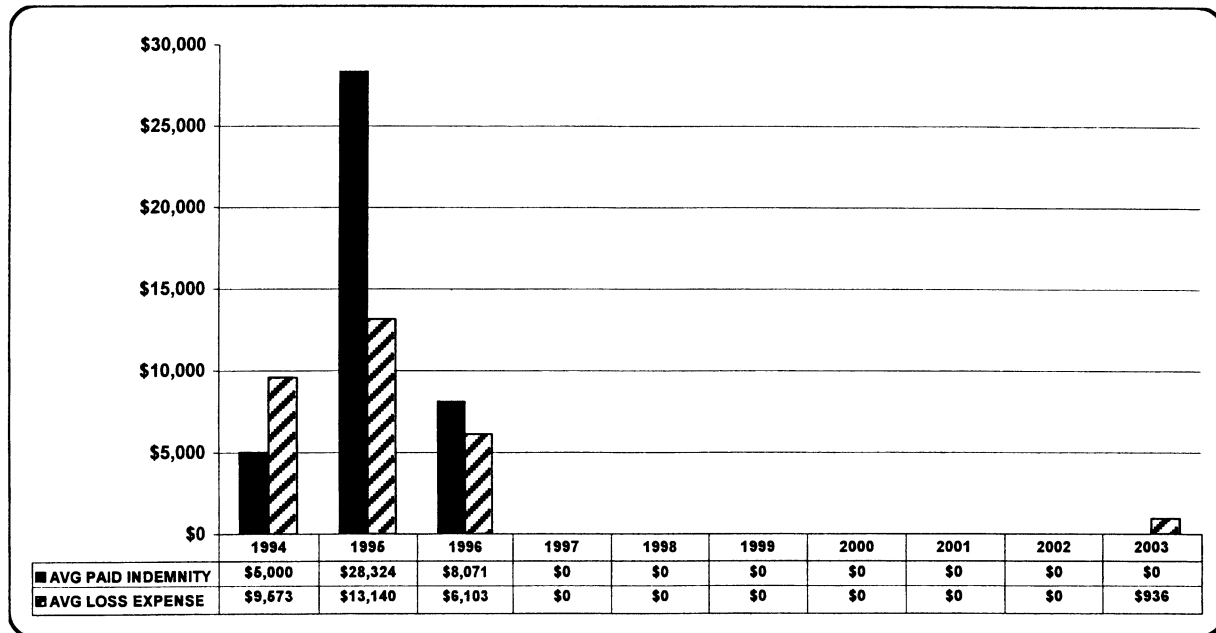


### Claim Count

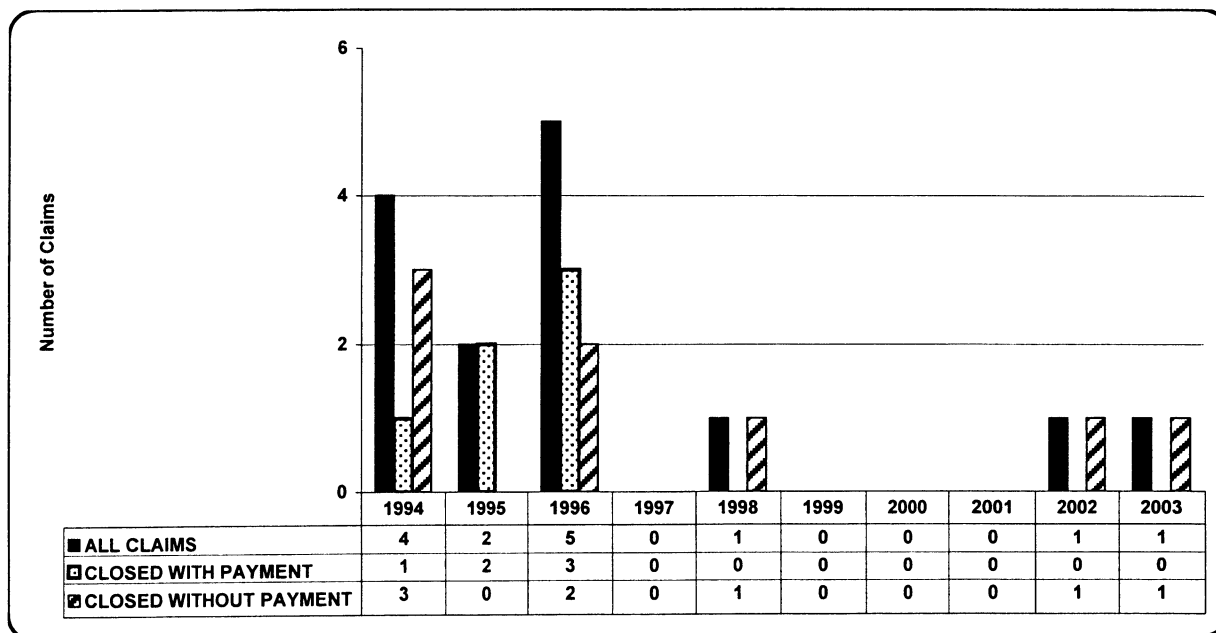


## DURING TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**



# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1994 - 2003

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	260	67	59.82%	\$12,149	\$813,967	74.67%	\$3,780
4 TO 10 YEARS	152	29	25.89%	\$5,634	\$163,395	14.99%	\$3,423
UNDER 4 YEARS	31	14	12.50%	\$4,806	\$67,289	6.17%	\$3,805
NOT SPECIFIED	6	2	1.79%	\$22,699	\$45,399	4.16%	\$3,667
<b>TOTAL</b>	<b>449</b>	<b>112</b>	<b>100.00%</b>	<b>\$9,733</b>	<b>\$1,090,050</b>	<b>100.00%</b>	<b>\$3,659</b>

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

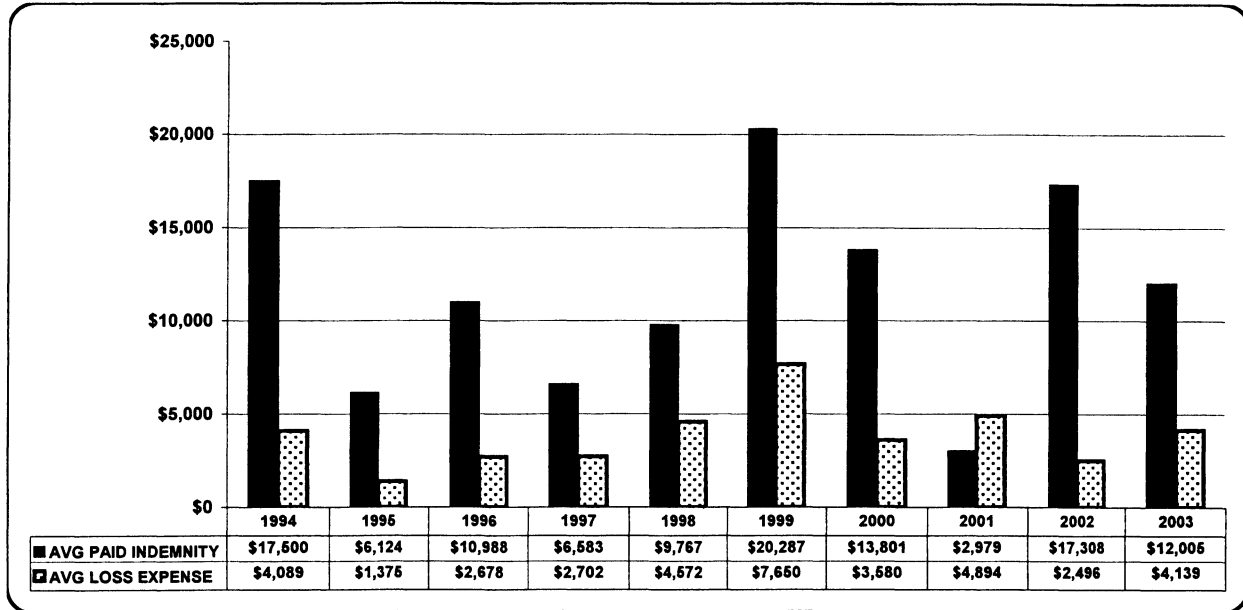
## CLAIMS CLOSED IN 2003

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	78	16	72.73%	\$12,005	\$192,079	85.91%	\$4,139
4 TO 10 YEARS	29	6	27.27%	\$5,250	\$31,500	14.09%	\$4,616
UNDER 4 YEARS	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>108</b>	<b>22</b>	<b>100.00%</b>	<b>\$10,163</b>	<b>\$223,579</b>	<b>100.00%</b>	<b>\$4,229</b>

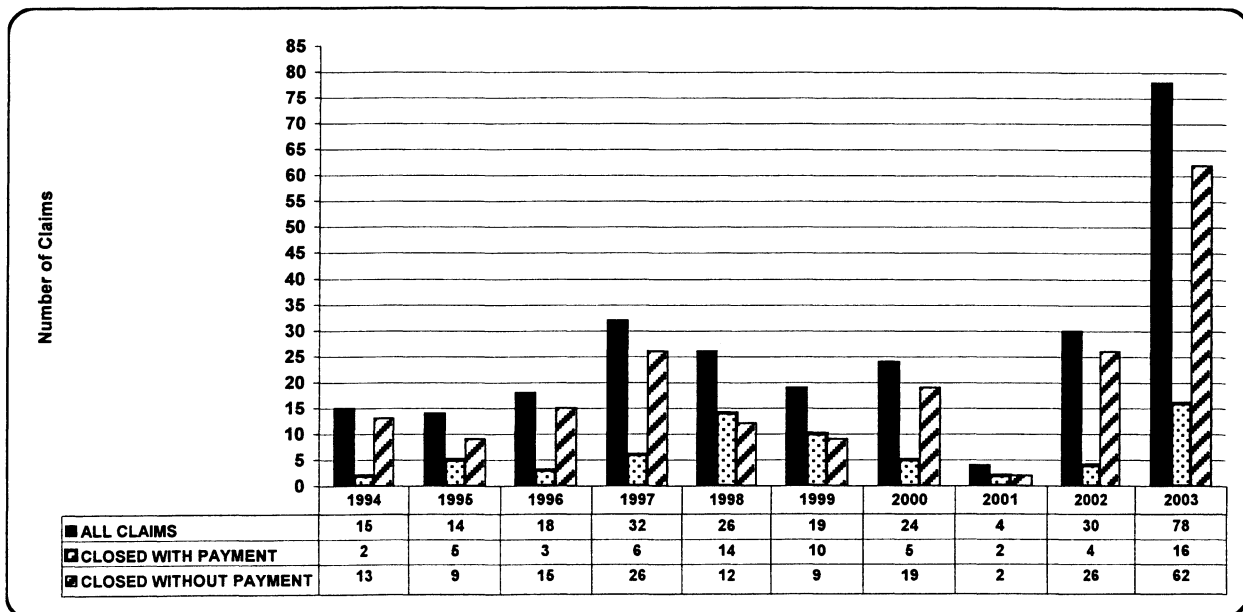
**YEARS ADMITTED TO PRACTICE  
TRENDS  
OF  
2003**

## OVER 10 YEARS

### Average Paid Indemnity & Average Loss Expense

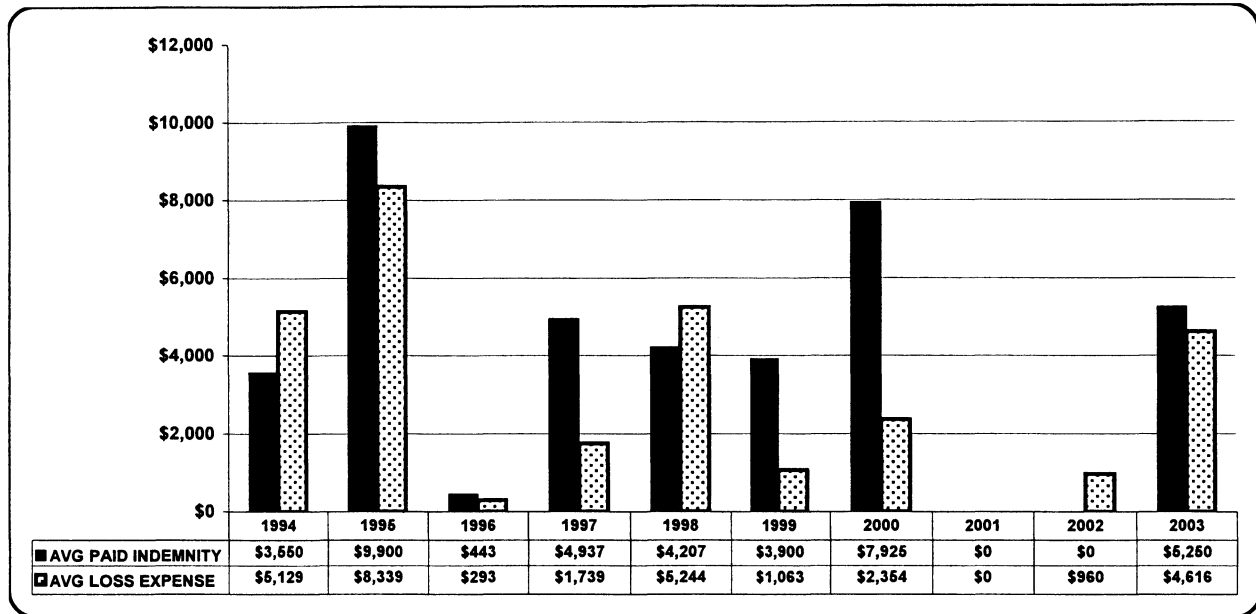


### Claim Count

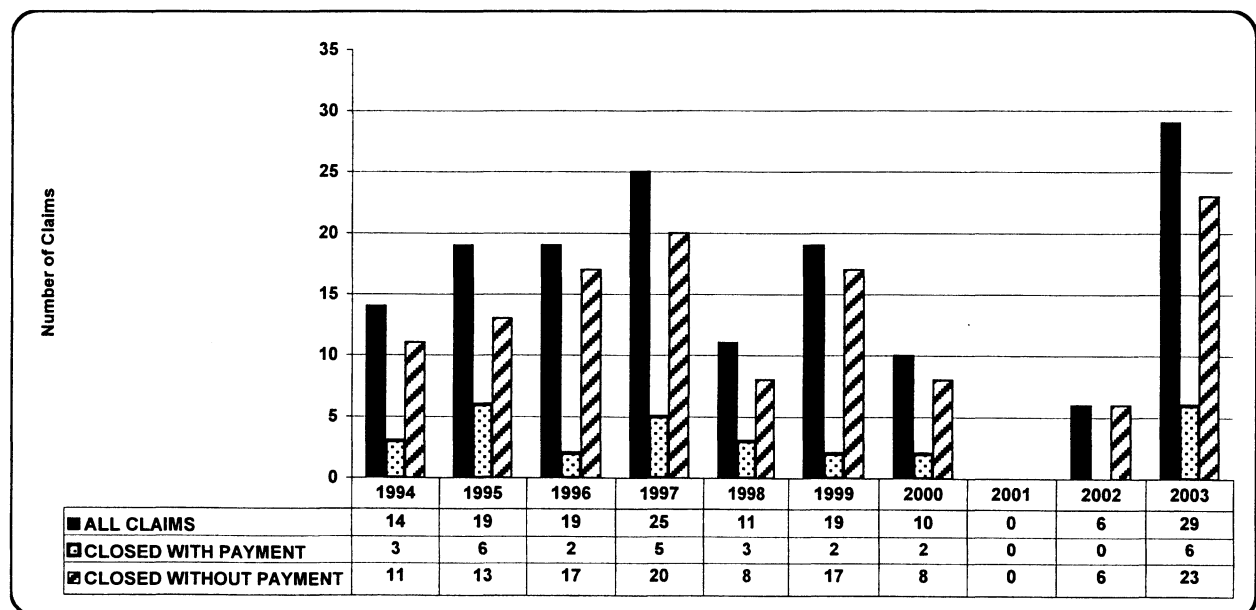


## 4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

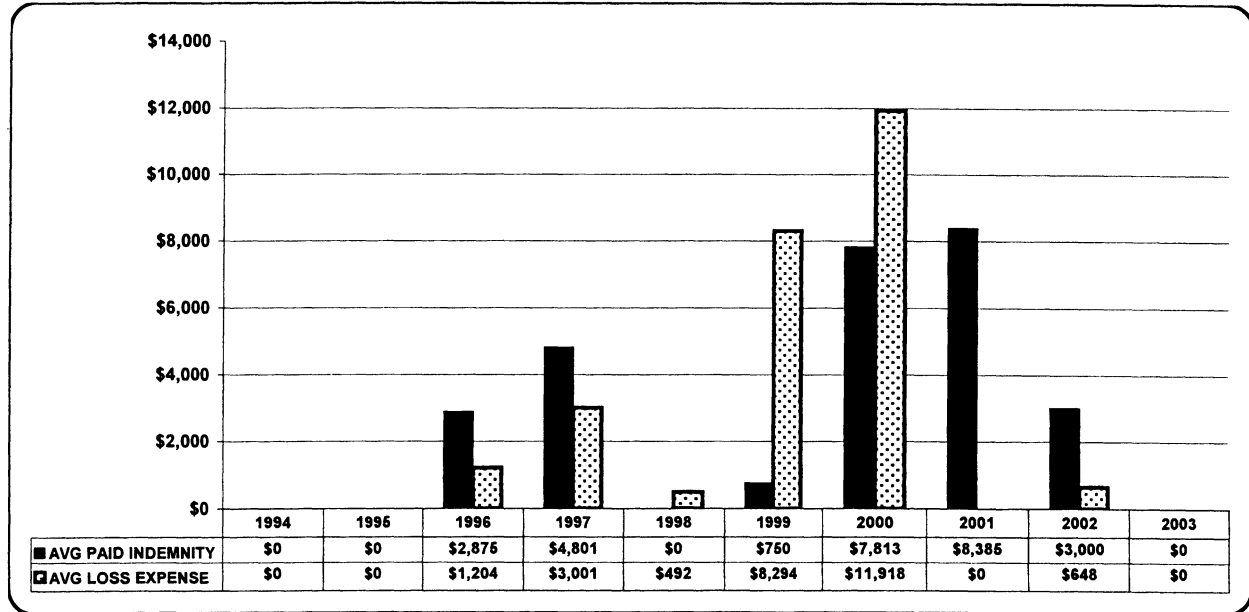


Claim Count

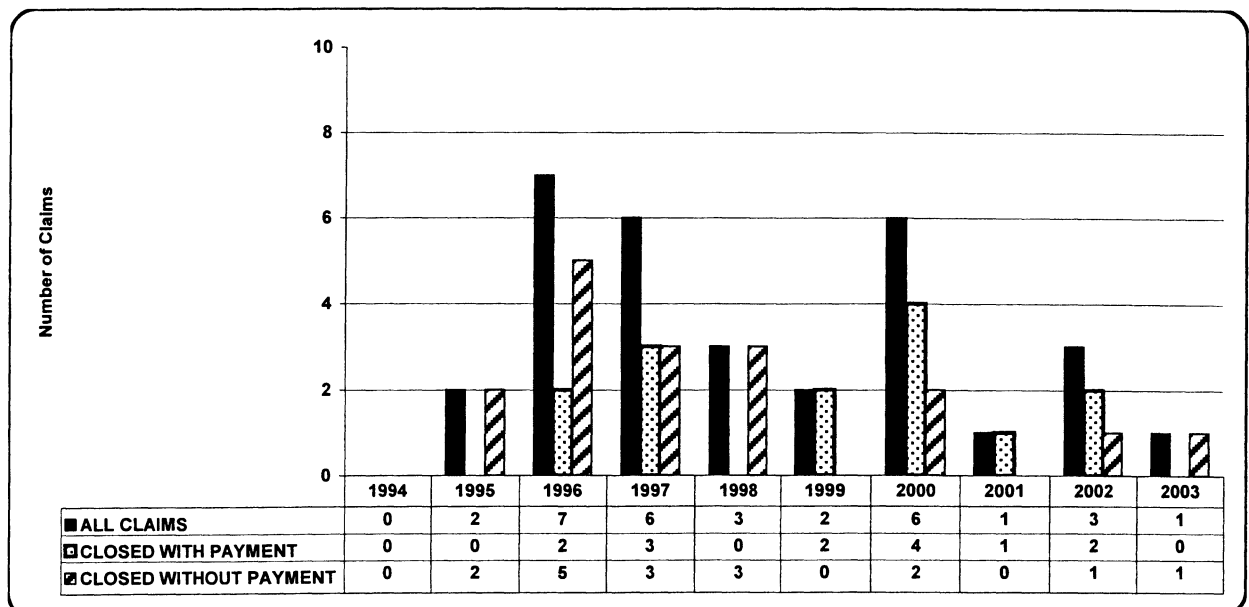


## UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



## Claim Count



**TEN YEAR SUMMARY  
&  
2003 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1994 - 2003

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	301	68	60.71%	\$7,986	\$543,034	49.82%	\$3,301
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	148	44	39.29%	\$12,432	\$547,016	50.18%	\$4,389
TOTAL	449	112	100.00%	\$9,733	\$1,090,050	100.00%	\$3,659



# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

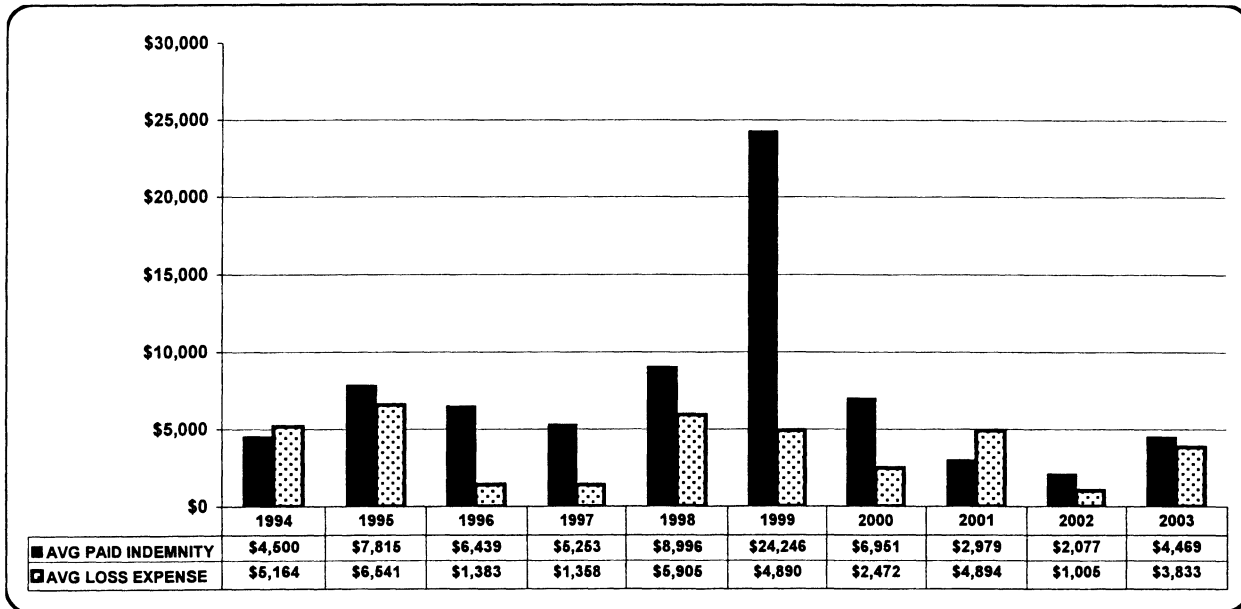
## CLAIMS CLOSED IN 2003

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	67	13	59.09%	\$4,469	\$58,100	25.99%	\$3,833
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	41	9	40.91%	\$18,387	\$165,479	74.01%	\$4,875
TOTAL	108	22	100.00%	\$10,163	\$223,579	100.00%	\$4,229

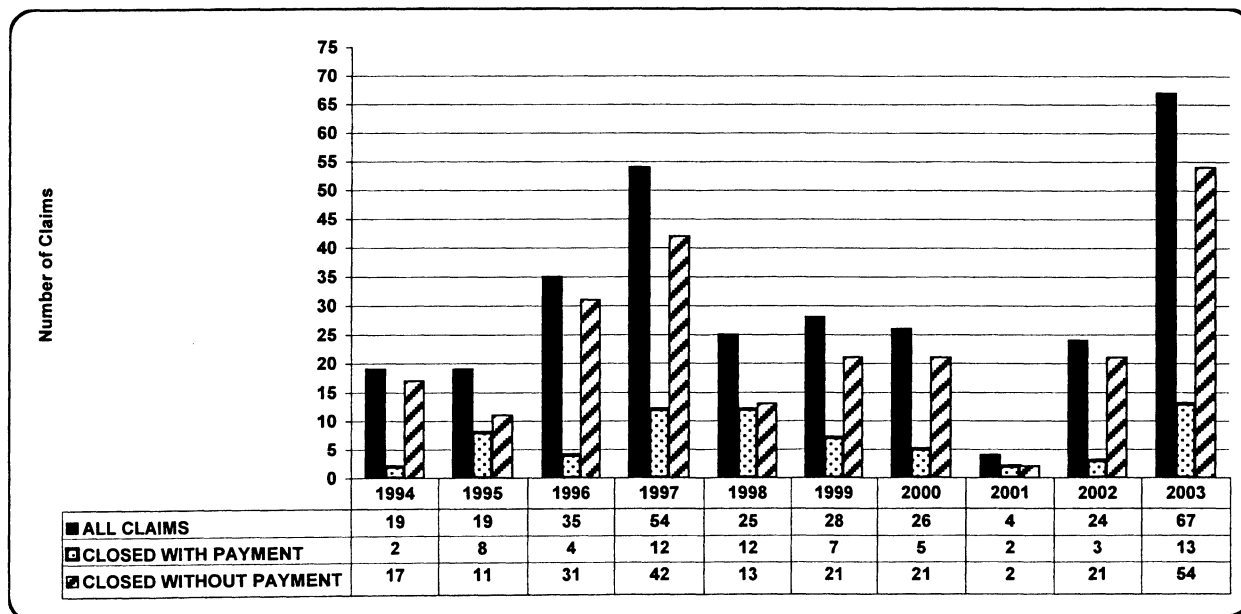
**INSURED/CLAIMANT RELATIONSHIP  
TRENDS  
OF  
2003**

## NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense

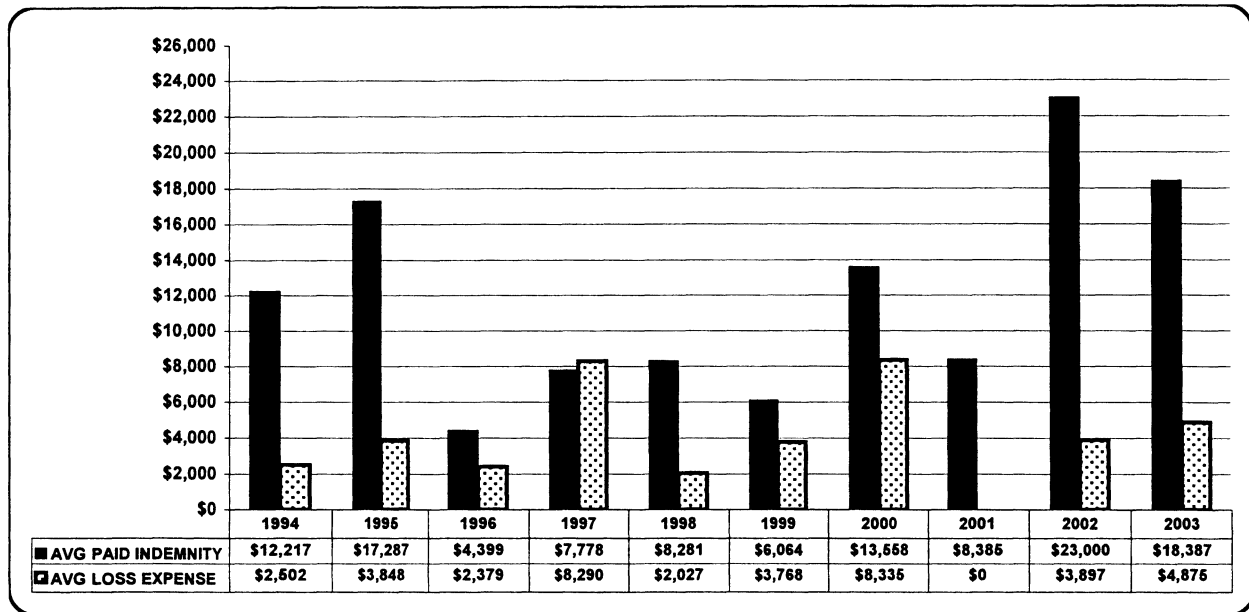


### Claim Count

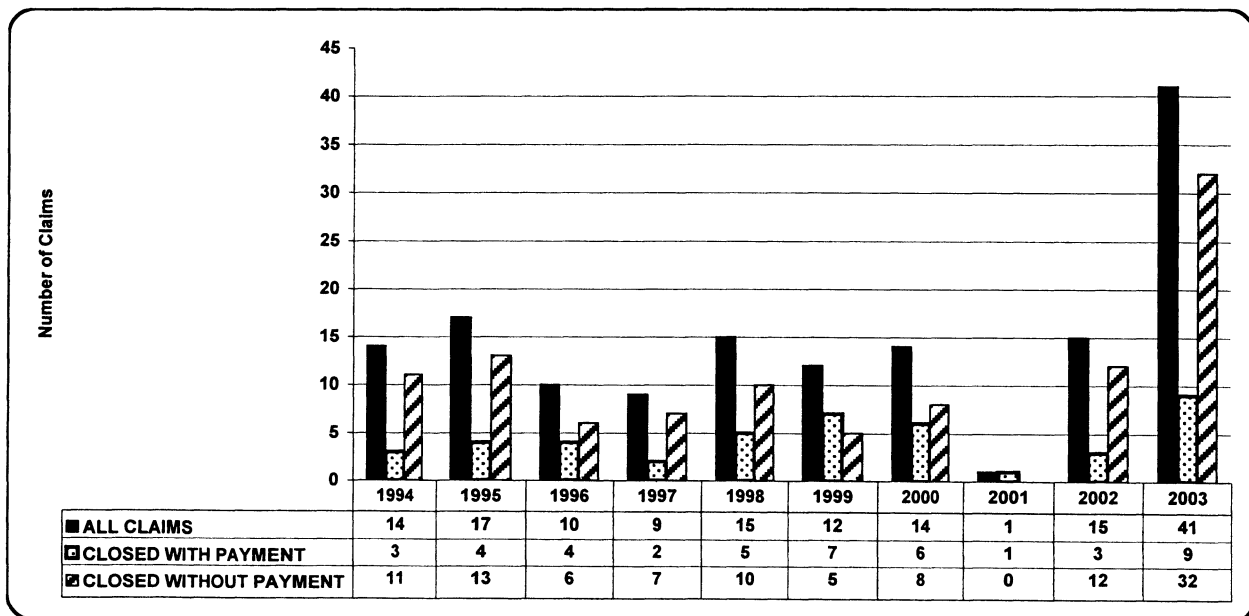


## CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**PREMIUM  
AND  
LOSS DATA**

**PAGE 26 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**2003 EXPERIENCE**

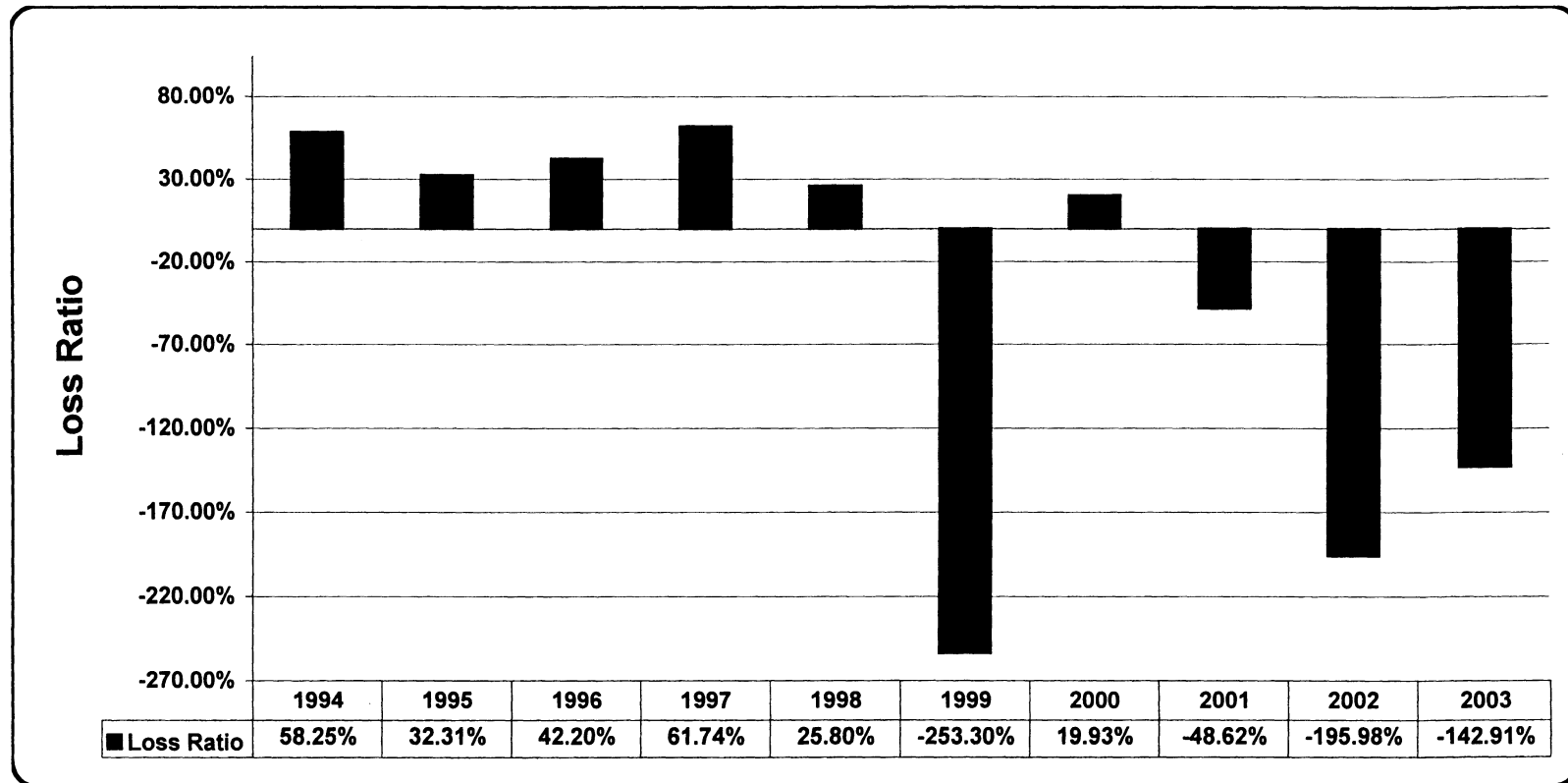
NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
20443	CONTINENTAL CASUALTY COMPANY	80.33%	\$1,207,148	-\$806,212	\$536,333	-66.53%
24767	ST PAUL FIRE & MARINE INSURANCE CO	14.34%	\$215,521	\$200,610	\$49,673	24.76%
25895	UNITED STATES LIABILITY INSURANCE CO	4.60%	\$69,134	\$49,780	\$34,846	70.00%
34207	WESTPORT INSURANCE CORPORATION	0.73%	\$10,950	\$10,609	\$0	0.00%
21296	ASSOCIATES INSURANCE COMPANY	0.00%	\$0	-\$478	\$159,001	-33263.81%
TOTAL		100.00%	\$1,502,753	-\$545,691	\$779,853	-142.91%

## PAGE 26 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

## TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1994	\$721,963	\$591,594	\$344,609	58.25%
1995	\$816,737	\$769,978	\$248,795	32.31%
1996	\$657,869	\$686,562	\$289,707	42.20%
1997	\$619,604	\$651,641	\$402,297	61.74%
1998	\$1,559,815	\$1,688,776	\$435,667	25.80%
1999	\$412,988	\$117,643	-\$297,986	-253.30%
2000	\$450,419	\$80,699	\$16,082	19.93%
2001	\$627,684	-\$274,156	\$133,283	-48.62%
2002	\$1,106,459	-\$86,912	\$170,332	-195.98%
2003	\$1,502,753	-\$545,691	\$779,853	-142.91%
10-Year Total	\$8,476,291	\$3,680,134	\$2,522,639	68.55%

**PAGE 26 SUPPLEMENT**  
**REAL ESTATE MALPRACTICE EXPERIENCE**  
**TEN YEAR LOSS RATIO SUMMARY**





## DEFINITION OF TERMS

**Market Share:** The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

**Written Premium:** Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Earned Premium:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Incurred Losses:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance companies adjustment of losses under a policy.

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